INEQUALITY AND MOBILITY

RESEARCH REPORT

The Color of Wealth in the Nation's Capital

A Joint Publication of the Urban Institute, Duke University, The New School, and the Insight Center for Community Economic Development

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American Gothic, Washington, DC, 1942. Photograph by Gordon Parks. Courtesy of and copyright the Gordon Parks Foundation.

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Executive Summary

The 2007–09 Great Recession and housing crisis erased approximately half of Black and Latino households' wealth, while Asians suffered the largest absolute lost in wealth (McKernan et al. 2014). Asian and Latino households tended to live in geographic areas that were hit hardest by the housing crisis (De La Cruz-Viesca, Hamilton, and Darity 2015). But the dramatic wealth disparities between White communities and communities of color long predate the dramatic economic downturn. This report explores racial and ethnic differences in net worth, focusing on Black families in Washington, DC, and shows, through a chronicle of their history in the city, how discrimination and systemic racism have contributed to today's wealth gap in the nation's capital.

The authors document assets, debts, and net worth for racial and ethnic groups living in the DC metropolitan area from a 2013–14 phone survey.

White Households in DC Have a Net Worth 81 Times Greater than Black Households

In 2013 and 2014, the typical White household in DC had a net worth of $284,000. Black American households, in contrast, had a net worth of $3,500.

Home Values Are Significantly Lower for Black Families

Much of Americans' net worth is in their homes. Yet here, too, there are sharp disparities. The typical home value for Black households in DC is $250,000, about two-thirds of the home value for White and Latino households.

More distressing, homeownership disparities are *not* a function of education. Higher education is closely tied to higher incomes, which should make homeownership more attainable. But in DC, 80 percent of Whites with a high school diploma or less are homeowners, while fewer than 45 percent of all Blacks in the District are homeowners. Fifty-eight percent of Black households do not own homes.

Parity in Business Ownership but Not in Value

Unlike for other places, we find near parity for owning a business asset in DC, but gross differences remain for business ownership values, and most of the sample does not have business equity, Black or White.

Black Unemployment Is Higher in DC than in the Nation

Despite much higher rates of employment in public sector in the DC area, Black unemployment rates in DC and racial unemployment disparity is much larger than in the rest of the nation. However, if the entire DC metropolitan statistical area is considered, racial employment differences remain pronounced, but the Black unemployment rate is lower in the metro area than for Blacks across the nation. This suggests that suburban living is associated with better employment.

A Long History of Blocked Wealth

These enormous wealth disparities did not arrive with the housing crisis or recession. Black people in DC have faced more than two centuries of deliberately constructed barriers to wealth building, and some of the highest barriers were embedded by design in law. Whether enslaved, barred from jobs in lucrative sectors, diverted from a stake in land giveaways, seeing their neighborhoods targeted for "urban renewal," or watching their housing options squeezed by federal redlining, Black families in the District have had little chance to build wealth.

A short history of the barriers to building assets:

- 1840s: "Free" Black people are governed by Black Codes that prohibit them from owning and operating eating establishments and taverns and that deny them licenses for any trade other than driving carts or carriages.
- 1862: White people who enslaved Black people in the District are compensated for their "financial loss" after emancipation in the District, but Black people are not compensated for being held in bondage.
- 1870s: President Johnson returns most of the land confiscated during the Civil War to Southern Confederates. His actions constrain freed Black people from building wealth by

acquiring land and limit Black people to working for others and obtaining whatever income they can under highly restrictive conditions.

- 1940s: Barry Farms, a community developed at the end of the Civil War by 500 freed Black families, is largely demolished to create space for public housing and is further devastated by the decision to have Suitland Parkway cut through the community, destroying individual and community assets.
- 1950s: White flight to suburbs begins. Black families are excluded from most suburban developments, confining them to central cities. The White population in the District falls 33 percent, and the Black population climbs 47 percent.
- 1960s–70s: Urban renewal sweeps cities "clean." DC's largely Black southwest neighborhoods are targeted by eminent domain. More than 500 acres are bulldozed, along with 1,500 businesses—including many Black-owned businesses—and 6,000 homes. Approximately 23,000 residents, predominantly Black, are displaced with little compensation. The 5,800 new homes are to be inhabited by 13,000 middle- and upper-middle-class residents.

Looking Ahead: Gentrification and Displacement Vulnerabilities

The history of blocked opportunity to build wealth has left many Black families financially vulnerable, and the recession of 2007–09 only exacerbated that vulnerability. Now another trend threatens households.

The nation has rediscovered the benefits of living in central cities, and DC is no exception. White and affluent families are returning. Climbing from 28 percent of the District's population at its nadir, the White population today is nearly half the city's total. The Black population stands at 48 percent, down from 70 percent in the 1970s.

The demographic shift is accompanied by gentrification. While gentrification can bring benefits to neighborhoods, it can also bring strife. Displacement is a threat when rents, home prices, and property taxes rise. As one real estate expert put it, having wealth means having staying power. The typical Black household in DC has only $2,100 in liquid assets—resources they can quickly convert into cash when faced with an emergency. Whites, in contrast, have $65,000 in liquid assets.

Rents for a two-bedroom apartment rose 45 percent between 1999 and 2005. In addition, many owners of subsidized apartments opted to not renew the Section 8 lease, further reducing the supply of affordable housing. By 2010, there were only 34,500 low-rent apartments in the District, half the number of units available in 2000.

The housing crisis slowed rising rents, but it introduced another hit to Black economic stability. Black residents were three times as likely to be targeted for subprime loans during the housing boom, and their home purchases were much more likely to end in foreclosure.

Residents without the assets to build wealth, stabilize housing costs, and smooth consumption are at risk of displacement and continued vulnerability. As the authors write, “There is a tendency to attribute the racial wealth gap to individual character flaws among people without wealth.”

This report shows that building wealth is hindered by a history of structural barriers and practices that helped create wealth for White families and blocked asset building from Black families.

1. Context and Structural Barriers Predicating the Color of Wealth in the Nation's Capital

This study of the racial wealth gap in Washington, DC, is the third in a series of reports drawn from data from the National Asset Scorecard for Communities of Color (NASCC) project, gathered from five metropolitan areas. The first and second reports focused on the Boston and Los Angeles metropolitan areas (De La Cruz-Viesca et al. 2016; Muñoz et al. 2015). In the previous reports, disparities in net worth were examined by race and by the demographic makeup of each metropolitan area. The Boston study highlighted communities from the Caribbean but included African American, Asian, and other Latino communities. The Los Angeles report focused on several Asian American communities, as well as African American, recent African immigrant, and Mexican communities. This report will include households from African American, African immigrant, Latino, Chinese, Korean, Vietnamese, and Asian Indian communities, as well as the District's multiracial population, with White households as the comparison group. Black people born in the United States who lived in the Washington, DC, metropolitan area will be the focus in this study.

This report provides the history, status, and implications of the racial wealth gap in the Washington, DC, metropolitan area. Unlike the prior reports, this study includes a more extensive historical context for the racial wealth gap in the nation's capital. Given the substantial presence of Black people in the District since its inception and the unique role of the District as the nation's seat of government, we examine the role of policy-based structural barriers in the accumulation or dissipation of wealth across different racial and ethnic groups, but focus on Black people. We also examine the events, programs, and practices that led to these policies.

To establish the context for the racial makeup and distribution of wealth, the first chapter of the report discusses the demographic evolution of the city. The Urban Institute has assembled extensive resources on Washington, DC, that will serve as key sources for this report. These include Our Changing City[1]—online demographic information—and NeighborhoodInfoDC (http://neighborhoodinfodc.org/), which contains statistical, descriptive, and policy information. The second chapter examines the implications of the historic distribution of wealth on housing and gentrification. The third chapter presents the methodology for data collection to measure the contemporary racial wealth gap and core descriptive findings from the survey.

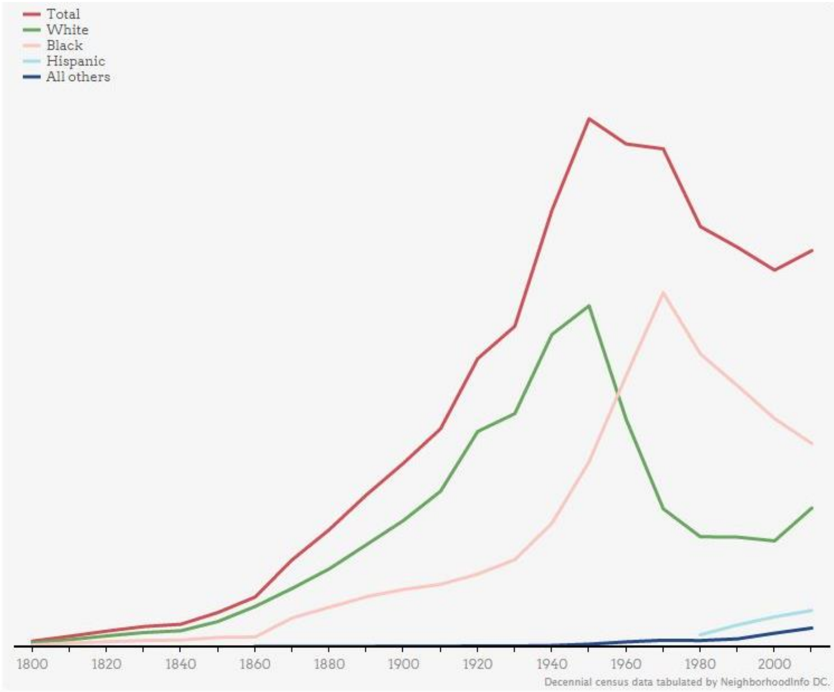
Demographic Change in the Washington, DC, Metropolitan Area

In 1790, President Washington selected 10 square miles of land provided by Maryland and Virginia to be the nation's capital.[2] Congress met in the new capital for the first time in 1800 (Lewis 2015).[3] Both states from which the District formed maintained legal bondage of people of African descent, and Congress accepted the laws that permitted this institution in the nation's new capital (Gillette 2006). Black people have composed a substantial part of the population of the nation's capital from its inception.[4]

The District of Columbia's population and racial makeup have fluctuated (figure 1). The population was just over 8,100 people in 1800.[5] Almost 2,500 of these people were of African descent, and over 5,600 were White. White growth began to increase substantially as early as 1840, but Black growth did not increase until 1860, with the onset of the Civil War. By 1920, the White population was nearly 327,000, and the Black population was almost 110,000. The White population peaked in the 1950s at about 518,000 compared with 280,000 for the Black population. Subsequently, the White population declined to 345,000 by the 1960s, 209,000 by the 1970s, and 160,500 in the early 2000s. Afterward, the White population increased, reaching over 210,000 by the second decade of the 21st century. Conversely, the Black population reached its apex at almost 538,000 people in the 1970s before it fell to 445,000 in the 1980s, 346,000 in the 2000s, and 308,000 in the 2010s. Washington, DC, became a majority-Black city in the 1960s. Black people made up 70 percent of the population in the 1970s, leading to the idiomatic description of the District as "Chocolate City." However, by 2015, Black people constituted only 48 percent of the population compared with a 36 percent share for non-Latino Whites.[6]

FIGURE 1

Washington, DC, Population by Race over 200 Years



Source: "A history of change," Urban Institute, accessed October 26, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.

The presence of non-Black people of color in Washington, DC, has been modest until recent years. In 1860, reportedly, there was only a single person of color who was not identified as Black.[7] The number of people from non-Black communities of color rose from 820 in the 1930s to 3,500 in the 1950s and 7,000 in the 1960s. The population more than doubled from 11,500 people in the 1990s to 28,000 by the 2010s. The Latino population was counted separately for the first time in the 1980s when there were 17,500 Latinos in the District. That number grew to about 54,750 by 2010.[8]

This chapter contains an overview of the events that influenced the size and makeup of the District's population. In addition, this chapter explains how structural barriers (e.g., public policies, programs, and practices) contributed to the development of substantial wealth by some residents of the Washington, DC, metropolitan area while inhibiting the development of or stripping wealth from others.

Events Influencing DC's Population

From 1790 to the present, events and policies in the District helped determine the number and the racial makeup of the District's residents, as well as the financial well-being of its residents.

1790s to Early 1800s: Establishing the District of Columbia as the Nation's Capital

The Residence Act of 1790 gave George Washington the authority to decide the capital's location, acquire the land, and appoint three commissioners to oversee the surveying and purchase of the land and the construction of buildings (Lewis 2015).[9] In 1791, Washington chose Andrew Ellicott, a Quaker whose family owned land in what is now Ellicott City, to survey the land and establish the diamond-shaped boundary that would define the capital (Lewis 2015). Ellicott accomplished this work with the assistance of Benjamin Banneker, a free Black man who owned a farm near the Ellicott's land. Banneker was a self-taught mathematician, astronomer, and clockmaker who wrote an almanac published in 1792 with the assistance of Ellicott, other Quakers, and abolitionist societies.

While Banneker was employed by Ellicott, the District's construction also depended on the work of Black people who were enslaved and received no remuneration for their labor. The commissioners could not attract enough men from other parts of the country to come to the capital to work and could not lure workers from Europe. In 1792, facing a labor shortage, the commissioners passed a resolution to pay land proprietors to conscript Black people who were enslaved to work on building the capital's infrastructure. By 1798, at least 90 of the 200 laborers building the White House and the Capitol were Black people enslaved by White people (Lewis 2015).

Banneker sent a letter to secretary of state Thomas Jefferson (who also enslaved Black people) along with a copy of his almanac.[10] He chastised Jefferson for his hypocrisy in opposing British tyranny and coauthoring the Declaration of Independence while "detaining by fraud and violence so numerous a part of my brethren, under groaning captivity and cruel oppression" (Lewis 2015, 20).

When Congress moved from Philadelphia in 1800, the District had relatively few residents, accommodations, and businesses. Members of Congress lived in the District while Congress was in session, and government employees and their families relocated to Washington. In addition, indentured Irish laborers and Black people—both free and enslaved—were present. Members of Congress and government workers tended to live in boarding houses, indentured workers in dormitories, and Black people who were enslaved in barns.

Lewis's (2015) states that in 1800, there were over 3,000 Black people who were enslaved and nearly 800 Black people who were free. Many men and women enslaved by White farmers and plantation owners in the region were hired out to other White residents in the District. In some instances, "the arrangement made the enslaved into entrepreneurs. They negotiated their wages with the residents, paid their owners a fixed sum, and kept the profit for themselves" (Lewis 2015, 69). Occasionally, Black people could save enough to purchase their freedom. Sophia Browning Bell purchased her freedom from a plantation in Prince George's County, Maryland, by selling surplus vegetables. She then purchased freedom for her husband, George, who established a school for Black students in 1807.

However, most Black people remained at the mercy of those who held them in bondage and could be sold and sent further south at any time, bringing more wealth to those who sold them. Even the Black men and women who were paying for their freedom could be cheated by White people who might sell them just before they completed the purchase. The White people who enslaved these Black men, women, and children kept both the money paid for their freedom and the money paid from the sale. As Lewis (2015, 135) observes, "Keeping the money their slaves had paid toward their purchase as well as the profits from slave traders, owners had a chance to double the return on their investment."

The District's Black population grew in absolute numbers and as a share of the population during the 1800s. This growth was partly because of in-migration resulting from an 1806 Virginia law requiring Black people to leave the state within a year of obtaining their freedom (Gillette 2006). To restrict the movement of Black people, the congressionally appointed mayor and city council of the District enacted the first Black Codes in 1808 that invoked a 10:00 p.m. curfew for Black people and other non-Whites (Gillette 2006; Lewis 2015; Morley 2012). By 1812, free Black people had to carry certificates of freedom at all times. In 1820, they were required to register with the mayor, obtain testimony on their behalf from a White person, and pay a bond of $20. In 1828, all people of color were prohibited from visiting the Capitol without an acceptable reason. Violations of these codes resulted in violent penalties against Black people who were enslaved and onerous fines and jail sentences for those who were "free." Free Black people remained in constant danger of being sold into slavery, especially if they could not produce their manumission papers or pay the fines imposed.

From the District's inception, the enslavement of Black people was used to build assets for the District, those who governed, and those who owned plantations in the nation's capital, while stripping Black people of their freedom, dignity, well-being, and wealth produced from their labor. In many cases, given the slightest opportunity to earn and save money, people who were enslaved purchased their freedom, built community assets such as schools, and became self-sufficient.

1820–60: The Antebellum Period

The enslavement of Black people continued to be a defining characteristic of the District from 1820 to the Civil War. As the Southern cotton economy grew, so did the demand for free labor from Black people in bondage (Lewis 2015; Morley 2012). Franklin and Armfield in Alexandria, Virginia, was the site of the largest human trafficking operation in the country (Morley 2012). White residents of the District could sell Black infants, children, women, and men to Southern plantation owners for large sums, pay off their personal debts, and accumulate their own wealth.

The inhumanity of human bondage occurred in plain view of members of Congress. For over 50 years, Black people were confined in structures called pens across from the Capitol building until they were forced to walk in shackles to ships on the Potomac that would take them south to be sold. In 1848, then-congressman Abraham Lincoln described this as "a sort of negro-livery stable, where droves of negroes were collected, temporarily kept, and finally taken to Southern markets like droves of horses" (Lewis 2015, 135).

BOX 1

Georgetown University

White religious and educational institutions enslaved and sold Black people for profit. Georgetown, the District's oldest university and the nation's oldest Jesuit Catholic university, was established in 1789. In 1838, Jesuit priests and university presidents Thomas Mulledy and William McSherry sold 272 Black infants, children, women, and men to buyers in Louisiana to raise money for the school.[a] These Black families had worked on Jesuit plantations in Maryland that helped sustain the university. When the plantations were no longer profitable, the priests conducted this human sale, netting the university $3.3 million in today's dollars. The money paid the university's debts, enabling it to survive and prosper.

Patrick Healy, the first Black person in America to earn a PhD, was president of Georgetown from 1873 to 1882. He transformed the school academically and financially. Despite Healy's presence, Black graduate students were not admitted until the late 1940s. The first undergraduate student was accepted to the School of Foreign Service in 1950, but Georgetown College did not accept any Black students until the 1960s (Garbitelli 2012).

In September 2016, the president of Georgetown University released a report by the Working Group on Slavery, Memory, and Reconciliation, formed in 2015 in response to student protests over the university's engagement in and profiting from human bondage.[b] In 2015, the university renamed Mulledy and McSherry Halls with the names of Isaac Hall, the first of the 272 people listed on the "Articles of Agreement" for their sale, and Anne Marie Beecraft Hall, a free Black woman who educated Black girls. The working group also recommended that "descendants of those owned by the Maryland

Province [receive] an advantage in the admission process." The report did not recommend scholarships. Instead the president stated that the university's need-blind admission ensures that no undergraduate is prevented from attending because of financial need.

There are several shortcomings. First, not all descendants who apply may be accepted, despite the "advantage" in admissions. Consequently, they will not benefit from this recommendation. Second, some descendants who are accepted may qualify for only partial financial aid, and others may not qualify for any. Finally, graduate students do not appear to be included in the financial assistance described. Georgetown will continue to build wealth from the descendants who have to pay part or all of Georgetown's tuition and board. For the 2016–17 academic year, the undergraduate cost is over $66,000, and over $264,000 for four years.[c]

[a] "Articles of Agreement between Thomas F. Mulledy, of Georgetown, District of Columbia, of One Part, and Jesse Beatty and Henry Johnson, of the State of Louisiana, of the Other Part. 19th June 1838," Georgetown University, Georgetown Slavery Archive, accessed October 18, 2016, http://slaveryarchive.georgetown.edu/items/show/1; Rachel L. Swarns, "272 Slaves Were Sold to Save Georgetown. What Does It Owe to Their Descendants?" *New York Times*, April 16, 2016, http://www.nytimes.com/2016/04/17/us/georgetown-university-search-for-slave-descendants.html?_r=0.

[b] DeGioia (2016); Courtney Rosen, "Student protestors see victory in Georgetown addressing historical ties to slavery," *USA Today*, September 2, 2016, http://college.usatoday.com/2016/09/02/student-protesters-see-victory-in-georgetown-addressing-historical-ties-to-slavery/.

[c] "Georgetown University," *US News and World Report Higher Education*, accessed October 18, 2016, http://colleges.usnews.rankingsandreviews.com/best-colleges/georgetown-university-1445.

Nevertheless, Black people who were free endeavored to build a life for themselves by holding jobs as drivers, cooks, laborers, and seamstresses (Morley 2012). The District's free Black people generally were self-sufficient (Lewis 2015). They began their own churches, created the Resolute Beneficial Society to provide health and burial insurance, began a free school for their children, and gained a foothold in the District's economic structure.

Their economic stability was precarious and vulnerable to violence from the District's White residents. In 1835, 300 to 400 White residents engaged in the District's first riot against Black people, burning a Black school and destroying Black homes and a prosperous Black business (Lewis 2015; Morley 2012).

The District's White citizens had become increasingly uneasy with the Black residents, both free and enslaved. Although the Black proportion of the District's population remained fairly constant at about 45 percent between 1820 and 1830, the number of free Black people grew from 2,330 to 3,130 (Lewis 2015).[11] Insurrections, such as the 1831 uprising led by Nat Turner in Virginia, caused the District's White citizens to grow even more wary (Morley 2012). This tension was exacerbated by the growing presence of abolitionists in the District.

The 1835 riot was fomented when a newspaper printed an erroneous story that a 19-year-old African American man, Arthur Bowen, tried to kill the woman who enslaved him, Anna Thornton (Morley 2013). He was held in jail for trial, but a White crowd formed outside, demanding that he be released to them. When he was not released, the crowd turned violent and burned and destroyed assets owned by the District's Black residents.

Union Seminary, the school that was burned at 14th and H Streets NW, was run by John Francis Cook, a free Black man who developed the Philomathean Talking Society, through which he taught students about their right to freedom and the need to prepare for it (Morley 2013). Bowen was part of this society. Cook's aunt, Aletha Browning Tanner, sister of Sophia Browning, had purchased his freedom along with her own and that of 20 other family members by operating a stand in what is now Lafayette Square (Gatewood 1989). Like her sister, Tanner sold excess vegetables from the plantation on which they worked in Prince George's County, Maryland (Lewis 2015). Cook initially attended the school when it was run by the free Black abolitionist John Prout. Cook later worked for the government and returned to the school to assume leadership upon Prout's departure (Morley 2012). Legislation enacted in 1804 that established free education for District residents excluded Black people, even though they paid taxes supporting these schools (Gillette 2006). They had to attend private schools for Black students to get an education, spending resources White students did not have to pay.

The restaurant that was destroyed was the Epicurean Eating House owned by Beverly Snow. Snow also was a freedman who had learned to read, write, and cook when he was enslaved in Virginia (Morley 2015). He and his wife moved to the District in 1830. To earn money, he set up a stand selling food at the horse races on Meridian Hill. When the racetrack closed, he opened a restaurant on Seventh Street where he served fine cuisine to members of Congress, bankers, newspaper publishers, government workers, and tourists. But the newspapers that wrongly accused Bowen also falsely charged Snow with speaking disrespectfully about White women (Morley 2012). The mob gutted Snow's lucrative business, and he was forced to escape to Virginia.

When Arthur Bowen came to trial, Anna Thornton testified on his behalf and asked President Jackson to pardon him. She then sold Bowen to a trader who took him south. But the destruction of Black-owned property did not end. Later that year, White mobs attacked other Black institutions. An African Methodist Episcopal church on Capitol Hill was destroyed, as was a second Black school at the Navy Yard (Morley 2012).

Compounding this loss were new demands imposed on Black residents of the District in 1836 through a modification of the Black Codes (Gillette 2006). The revised codes required Black people to register with five White character witnesses and pay a $1,000 bond. Moreover, Black people were prohibited from operating eating establishments and taverns, and they were denied licenses for any trade other than driving carts or carriages. A legal challenge to the registration requirements eventually restored the earlier one-character-witness standard, and the bond was reduced to $50 (but not to the earlier $20). Moreover the occupational restrictions remained in place, confining Black people to hotel and domestic service and unskilled labor, jobs that were of marginal interest to White people. Black people also were excluded from federal employment.

While the abolitionist movement in the District continued to grow, Congress failed to enact bills that would abolish the purchase and sale of human beings in the District. Such bills went before the Committee for the District of Columbia, which was controlled by members from Southern states whose economies were anchored upon the institution of slavery. In 1846, partly to ensure that abolitionist efforts to end enslavement in the District would not affect Virginia, Congress retroceded to Virginia the land Virginia had contributed to form the District (Lewis 2015).[12] Four years later, the trading of enslaved Black people in the District was prohibited by the Compromise of 1850. But this compromise also contained the Fugitive Slave Law, which applied to all states and required Black people who had escaped bondage to be returned from free states.

Economic opportunities for Black people declined from the 1820s to the Civil War (Gillette 2006). The fines and bonds established by the Black Codes stripped assets from free Black people. And the prohibitions on Black business ownership in addition to the confinement of Black people to the least-skilled occupations limited avenues by which they could accumulate wealth.

1860s: The Civil War and Emancipation

The Civil War raged between 1861 and 1865. During this period, the District experienced a dramatic influx of new residents.[13] At the start of the war, 7,000 troops from the North arrived in the District to protect the nation's capital (Lewis 2015). In addition, casualties from the war were sent to Washington from Pennsylvania, Maryland, and Virginia. The number of wounded in the District climbed to 50,000 by 1863.

In 1862, Congress enacted legislation that emancipated Black people in the District, a year before the Emancipation Proclamation declared free Black people in bondage in the Confederate states, and three years before the Thirteenth Amendment's abolition of slavery and involuntary servitude throughout the nation. White residents of the District received $300 in remuneration for every Black person they had enslaved, while Black people who had been held in bondage received no compensation for their labor and degradation before emancipation (Gillette 2006; Lewis 2015). Moreover, the *Chronicle* newspaper said that "emancipation does not mean equality; liberty does not mean license…[and Black people] will scarcely realize the difference between a condition of modified servitude and a condition of complete independence" (Gillette 2006, 38).

Congress also passed legislation in 1862 that initially designated a portion of taxes paid by Black people to be spent on Black schools (Gillette 2006). However, the amount was miniscule, totaling a mere $265 in 1862 and $410 in 1863 compared with $65,000 for White schools over the same period. Even then, the District's mayor refused to allocate the funds to Black schools, which had to rely on philanthropy.

Emancipation in the District attracted Black people from Maryland and the Confederate states. Approximately 10,000 Black people arrived by 1863 (Lewis 2015). To assist new arrivals, some District residents started a chapter of the Freedmen's Relief Association in 1862. The association provided food, clothing, and unskilled jobs for which the federal government paid 40 cents a day. (In comparison, the lowest-paid government workers received about $3.29 a day.) The association also opened the first free school for Black students (Gillette 2006; Lewis 2015). Shelter for Black migrants was established in camps in the District and abandoned farms in Alexandria, out of the sight of White residents. In 1863, Freedman's Village was developed on land in Arlington confiscated from General Robert E. Lee (Congress and Archives 2002). By 1865, 40,000 African Americans had migrated to the District (Gillette 2006; Lewis 2015).

Photo via Shutterstock.

Some White District residents who sympathized with the South left Washington during the war (Lewis 2015). This included William Corcoran, who initially owned a dry goods store and then went into banking with George Riggs, whereupon he became the wealthiest man in Washington and began an art collection that would later become the Corcoran Gallery of Art. Corcoran returned after the war. Other Whites migrated to the District, including those employed as government clerks, whose numbers increased from 1,000 to 6,000 by 1865.

Between 1860 and 1870, the District's population increased from about 75,000 to nearly 132,000, and over half of the new arrivals were Black.[14] The Black share of the population rose from 19 percent to 33 percent. This increase may have been partly because of the 1864 elimination of the Fugitive Slave Law (Gillette 2006).

Refugees from bondage were willing to work in some of the hardest jobs around the military camps (Gillette 2006). The government was often delayed in paying them and sometimes did not pay at all, claiming that freedom and sustenance was sufficient compensation. As demand for labor caused wages to rise from $10 to $25 a month, the government taxed the earnings of these refugees to create a fund for infirm or destitute Black people. This $5 tax represented approximately 20 to 25 percent of their monthly earnings, and the refugees had no input into the dissemination of the funds.

The demand for low-cost housing, the lack of transportation for workers, and the potential for profit led to an increase in the development of alley dwellings (Borchert 1980; Gillette 2006). Alley dwellings were basic shelters without running water or electricity. Borchert (1980) indicates that in response to population growth, developers began building houses that faced the street for middle-class people and houses that faced the alley for working-class people. The dwellings developed before the Civil War were predominantly occupied by White people. In 1858, 65 percent of the heads of households living in alley houses were White. Most of the alleys were segregated, including 21 that were all White and 17 that were all Black; only 9 were racially mixed. These alleys were spread throughout the city, often hidden behind wealthy homes. Some alleys were located between 1st and 15th Streets West, F Street South, and N Street North. Eventually, these alley dwellings became predominantly occupied by Black people. By 1871, 81 percent of the heads of households living in alleys were Black. And the alleys became increasingly segregated: only 12 percent had a racially mixed population in 1871 compared with 18 percent in 1858.

The growing prevalence of Black residents in alley dwellings may have been because of limitations on their opportunities to obtain other housing. The occupational mobility of alley residents varied by race. A larger percentage of White alley residents were more likely to move from unskilled to semiskilled labor and managerial positions than Black workers who faced legal occupational segregation and racial barriers to employment mobility (Borchert 1980).

Alley dwellings were not the only housing that newly freed Black people occupied. In March 1865, just before President Lincoln's assassination, Congress passed legislation establishing the Bureau of Refugees, Freedmen, and Abandoned Lands, or the Freedmen's Bureau.[15] The bureau had responsibility for all matters concerning freed Black people and refugees from enslavement, as well as the management of land that had been abandoned or seized during the war. The legislation provided food, clothing, and fuel for children, women, and men. And the legislation gave the bureau the authority to provide every male refugee and freedmen up to 40 acres of land for three years for an annual rent of 6 percent of the land's value and the right to buy the land before or at the end of the three years (Frohnen 2008).

General Oliver Howard led the bureau. Howard intended to provide confiscated land to refugees and freedmen in the District as a stepping stone to self-sufficiency (Lewis 2015). However, after

Lincoln's assassination, Andrew Johnson became president and did not fulfill the intent of the Freedmen's Bureau legislation. The legislation was designed to sunset one year after the end of the war. The war ended in May 1865, and when Congress sent Johnson a bill to extend the legislation and expand it to all states, Johnson vetoed the bill, arguing that land could not be taken away from its former owners without due process of law.

Johnson also stated, "[The bill] will tend to keep the mind of the freedman in a state of uncertain expectation and restlessness" (Frohnen 2008). Rather than land, Johnson argued for wage-labor for the freedmen and refugees, stating,

> He is in a portion of the country where his labor cannot be well spared. Competition for his services from planters, from those who are constructing or repairing railroads, and from capitalists in his vicinage or from other states, will enable him to command almost his own terms.

Although Congress overrode Johnson's veto, and the bureau continued to operate, the Johnson administration returned the land to southern landowners (Lewis 2015). Johnson's actions threatened to restrict Black people from building wealth by acquiring land and to limit them to working for others while obtaining whatever income they could get under these restrictive conditions.

Despite the barriers Johnson erected, General Howard secured land to educate Black freedmen and refugees in the District. In 1867, Howard used bureau funds to purchase 375 acres of the James Barry Farm in what is now Anacostia, in the southeastern part of the District (DC Preservation 2007; Williams 2016). Army surveyors paid freedmen $1.25 a day to clear the land and build roads (Lewis 2015). The bureau sold families one-acre lots and enough wood to build homes. These sales were accomplished with two-year mortgages of $125 to $300. The buyers could have 50 cents per day of their wages deducted and placed in savings accounts to be used toward the purchase of their land.

Families created their homes. They worked downtown during the day as blacksmiths, carpenters, shoemakers, bricklayers, and house painters. Then they walked to Barry Farm to develop their land and build their homes by lantern light (DC Preservation 2007). By 1869, 500 Black families owned their own land and homes in Barry Farms.

Over time, the residents increased their individual assets and built community assets. They obtained jobs as government clerks, teachers, midwives, dressmakers, and grocers, and developed a self-sufficient community. The first institutions they built were the Macedonia Baptist Church and, on land purchased by the bureau, the Mount Zion Hill School.[16] The bureau constructed a night school for adults, and residents built additional schools for their children (Lewis 2015).

Another major bureau contribution was Howard University in 1867 for both men and women. The university was intended for Black students, though that was not stated in the legislation. The land purchased for the school was between Seventh and Fourth streets. Faculty, who were primarily White, and Black families moved nearby the campus (Lewis 2015).

1870 to 1900s: Washington, DC's Gilded Age

Following the Civil War, the District entered its Gilded Age from the 1870 to the early 1900s (Lewis 2015). "Gilded Age" was coined by Mark Twain and Charles Dudley Warner (1873) in reference to the excess and corruption in the financial and political systems as well as the social life of the nation. Newly minted millionaires chose Washington as the place to establish themselves, and members of Congress moved their families to Washington. The population increased from 131,700 in 1870 to 230,400 in 1890.[17]

Several of these millionaires, such as William Morris Stewart and George Hearst, acquired their wealth from mining gold and silver (Lewis 2015). The land from which they extracted this wealth was made available to them in the West through legislation such as the California Preemptive Act of 1853, which made all Native American land in the state available to White, male homesteaders (Lui et al. 2006). This legislation stripped Native Americans of their land, natural resources, and lives, while creating wealth for many of the 80,000 White men who rushed there.

With the influx of *nouveau riche* residents, the neighborhoods in which prosperous families lived expanded (Lewis 2015). Before the Civil War, the rich lived in Georgetown, on Capitol Hill, in Southwest, and near the White House. Upon Stewart's arrival, he and several others who gained their fortune through gold and silver extraction created the Honest Miner's Camp, which purchased and developed the swampland that would become the Dupont Circle neighborhood. This became the residence of over 100 affluent families who built mansions here from the 1880s to 1900.

Middle-class neighborhoods also were constructed during this period. The Pendleton Civil Service Act of 1883 expansion provided federal employees the stability they needed to become homeowners. Home development and improved transportation made possible the growth on Capitol Hill, Brookland, Petworth, Brightwood, Cleveland Park, and Chevy Chase (Gillette 2006).

Amzi Lorenzo Barber and Andrew Langdon purchased land from Howard University and developed the LeDroit Park neighborhood (Gillette 2006; Lewis 2015). Though the land was purchased from and located beside a Black university, this neighborhood was intended for White families only, and a fence was constructed to keep Black people from walking in it. In 1891, a judge ruled that the fence had to be removed.

Black scholars, such as poet Paul Lawrence Dunbar and civil rights activist and suffragist Mary Church Terrell and her husband Judge Robert Terrell, began to move to LeDroit Park with their families (Lewis 2015). Initially, the homeowner from which the Terrells wished to purchase their house refused to sell to them. To overcome this obstacle, the Terrells enlisted a White man to buy the house and resell it to them. In 1909, Mary Church Terrell became a charter member of the National Association for the Advancement of Colored People (NAACP) and protested discrimination in the nation's capital. Her home is now owned by Howard University and has been designated a landmark.[18]

Business development also increased during DC's Gilded Age. The Boston Dry Goods Store was opened by New Englanders Samuel Woodward and Alvin Lothrop in 1880. By 1900, they established the Woodward and Lothrop Department Store that consumed a block in what became downtown. Other department stores followed. Lansburgh's opened in 1882, Hecht's in 1896, and Garfinkel's in 1905. These segregated businesses were picketed by African Americans, including Mary Church Terrell.[19]

Businesses were important because department store owners, bankers, realtors, and lawyers wielded power. The Board of Trade, first founded in 1865 by businessmen and re-created in 1889, perceived themselves as exercising the authority of a chamber of commerce and of a municipal and a state legislature (Gillette 2006; Lewis 2015). The board supported giving the federal government greater control over the District so Congress would commit the financial support needed for the District's development, even though this meant the loss of suffrage for White and Black men. This transition of power was codified in the Organic Act of 1878 (box 3).

1900–20: Investment in Infrastructure and Engagement in World War I

The District's population was also affected by an investment in the infrastructure. During the early 1900s, Senator James McMillan of Michigan sat on the Committee of the District of Columbia and helped create the Senate Park Commission, which developed and improved a District park system (Gillette 2006; Lewis 2015). The commission was responsible for (re)designing much of the District's public spaces. They oversaw the development of the Mall and its surrounding public buildings, the Lincoln Memorial, the Tidal Basin, Potomac Park, Riverside Drive to Rock Creek Park, and a bridge to Arlington.

The commission also built Union Station. The site selected was called Swampoodle, signifying the swamp that was created when the Tiber River overflowed (Lewis 2015). This land was inhabited by poor Irish laborers and their families. Not unlike Black people, this community had its rights disregarded by the commission. Over 300 homes were destroyed, and over 1,700 people were displaced to make way for the railway station.

New residents were attracted to the District by its growing architectural beauty and improved transportation, including trains, trolleys, and upgraded streets. The population grew by over 50,000 between 1900 and 1910, including nearly 44,600 White residents and about 7,750 Black residents.[20] The population of other residents of color remained at 495 in 1910. Homes for some residents were developed in the new neighborhood of Kalorama, northwest of Dupont Circle, with homes for the wealthy and apartments for the middle-class, high-level government workers (Lewis 2015). Rising incomes afforded some residents an alternative to boarding houses. Before Kalorama Hills was redeveloped, it was occupied, though not owned, by Black residents (Gillette 2006).

Businesses continued to grow: 200 boarding houses, over 800 restaurants, 33 banks and thrift institutions, and 179 newspaper offices (Lewis 2015). Tourism became a fundamental part of the District's economy.

Colleges and universities advanced during this period. Georgetown grew because of the labor of the Black people it enslaved and then as a result of their sale.[21] Patrick Healy was credited with the tremendous financial and academic growth of the university from 1873 to 1882. Further expansion occurred from 1900 to 1920 under subsequent presidents. Columbian College was chartered by Congress in 1821 but did not become financially stable until 1912 with an endowment from William Corcoran, who changed the institution's name to the George Washington University around 1912 (Lewis 2015). American University was developed and held its first classes in 1914.

Woodrow Wilson was president from 1913 to 1921, during a period of increased racial segregation and violence against Black people (Lewis 2015). Under Wilson, civil service employment became wholly segregated. During the tenures of Presidents Cleveland, Harrison, and McKinley, Black people could hold civil service positions, though the McKinley administration appointed few of them. Appointments declined further under Presidents Theodore Roosevelt and William Taft, but Black people could obtain positions as clerks and assistants in federal offices. These positions enabled them to acquire middle-class earnings and make Washington a center of Black intellectual activity and culture.

During Wilson's presidency, however, the National Democratic Fair Play Association was formed to prevent presidential appointments of Black people to federal positions and to segregate the civil service system (Lewis 2015). This decline of Black presence in government was facilitated by requiring job seekers to submit pictures with their applications. Black civil service workers who held onto their positions were placed in separate offices from White workers and were required to use separate facilities. Such bias was exacerbated by Wilson's own actions, including showing D. W. Griffith's racist film *Birth of a Nation*, which portrayed the Ku Klux Klan as heroes, at the White House for members of his cabinet and the Supreme Court.

Legislation enacted to establish segregation in other parts of the country was not replicated in the District. However, "custom, physical force, and fiat" were used to deny Black people employment and access to restaurants and theaters, as well as enforce school and residential segregation (Ruble 2012).

The United States entered World War I in 1917, and the subsequent demand by the Navy and War Departments for workers resulted in a flood of new residents. Newly hired workers included White women but excluded people of African descent (Lewis 2015).

Black people were not alone in experiencing discrimination during the war. German immigrants in the District who had not become naturalized citizens were required to leave the city, and some immigrants were sent to the Midwest (Lewis 2015).

Black soldiers returning from war in 1919 were confronted with the racism of Jim Crow segregation and an inability to obtain federal or District jobs (Krugler 2015; Lewis 2015). That same year, the Washington newspapers published articles charging Black people with attacks on White women and girls. This race baiting resulted in a mob, including unemployed veterans, violently attacking Black people on July 19, 1919, in one of what would be a series of race riots in major cities across the nation during what became known as the "Red Summer."[22] On July 21, the *Washington Post* published an incendiary article with the subheading "Mobilization for Tonight" (Lewis 2015, 292). The District police failed to prevent further aggression (Krugler 2015). When the White mobs came to the Black community that night, Black residents were ready and fought back. By the next morning, 10 White and 5 Black people were dead (Lewis 2015). Only then did Wilson call in 2,000 troops to keep the peace.

The NAACP appealed to Wilson to prosecute the *Washington Post* for inciting the riot, to no avail. W. E. B. Du Bois, a founder of the NAACP, attributed the impetus for the riots to attempts by White supremacists to suppress Black residents' efforts to obtain political, economic, and social equality (Krugler 2015).[23] The NAACP also provided attorneys for Black defendants who had fought to protect themselves and their community during the riots. These attorneys won acquittals and dismissals of charges for many defendants.

1920s: The Development of Black-Owned Businesses, and Institutions of Education and Culture

Segregation advanced in the 1920s under Presidents Harding and Coolidge, affecting neighborhoods, schools, theaters, department stores, lunch counters, and public spaces, such as Rock Creek Park and the Tidal Basin (Lewis 2015). In August 1925, 30,000 members of the Ku Klux Klan were allowed to march down Pennsylvania Avenue (Lewis 2015).[24]

In the face of this open hostility, Black residents developed a prosperous community in the neighborhood encompassing Howard University, LeDroit Park, U Street, and Seventh Street. In 1926, Howard University received its first Black president, Mordecai Johnson, who greatly advanced the school's prestige (Lewis 2015). He appointed Ralph Bunche to create the political science department, Charles Hamilton Houston to become the dean of the law school, Alain Locke to develop the philosophy department, Abram Harris to teach economics, and Sterling Brown to teach English. Box 2 highlights other accomplishments by these men. Several faculty members were graduates of Dunbar High School, a Black college preparatory high school named for poet Paul Laurence Dunbar that sent its graduates to prestigious colleges and universities, such as Howard, Amherst, Columbia, and Harvard.

This neighborhood had a thriving Black-owned business sector of almost 300 enterprises (Lewis 2015). Among them was the Industrial Savings Bank, established by John Whitelaw Lewis in 1913 in a building he constructed at 12th and U Streets.[25] It was the only Black-owned bank in the city, and by the 1920s, it had 11,000 depositors (Lewis 2015). Lewis also constructed the Whitelaw Hotel at 13th and U Streets. Designed by Isaiah T. Hatton, one of the first Black architects, this five-story structure was the first Black-owned luxury hotel in the District and was financed by Black stockholders with $160,000 (Lewis 2015).[26] Similarly, the True Reformer Hall was designed, financed, built, and operated by Black people. John Lankford, a Tuskegee Institute–trained architect, designed the building for the Grand Fountain United Order of True Reformers, a Black fraternal and benevolent society (Lewis 2015). And a YMCA was established for Black residents by Anthony Bowen, who had purchased his freedom and advanced himself to a position at the US Patent Office. He had no support from the national YMCA, but constructed a building to house his organization with contributions from John D. Rockefeller of Standard Oil and Julius Rosenwald of Sears and Roebuck.

Other businesses included restaurants, theaters, beauty and barbershops, drugstores, florist shops, clothing stores, and tailors, as well as the professional offices of doctors, dentists, and lawyers (Lewis 2015). The U Street commercial corridor was also widely known as "Black Broadway" for its clubs, where musicians such as Washington-native Duke Ellington played and renowned author Langston Hughes visited.

BOX 2

Accomplishments of Howard University Faculty

- Ralph Bunche was acting mediator on Palestine for the United Nations and received the Nobel Peace Prize in 1950 for achieving an armistice agreement between Israel and the Arab States.[a]
- Charles Hamilton Houston, a graduate of the District's Dunbar High School, was the first African American editor of the *Harvard Law Review*. He became the NAACP's first special counsel and worked to dismantle Jim Crow laws by participating in almost every civil rights case from 1930 to 1950. His protégé, Thurgood Marshall, would win the landmark *Brown v. Board of Education* and become the first African American Supreme Court judge.[b]
- Alain Locke graduated magna cum laude from Harvard and was the nation's first African American Rhodes Scholar. An assistant professor at Howard before Mordecai Johnson's tenure as president, Locke was fired for attempting to obtain pay equity between African American and White faculty. He was also known as the Father of Harlem Renaissance after publishing *The New Negro: An Interpretation*.[c]
- Abram Harris was the first nationally recognized Black economist.[d]
- Sterling Brown also graduated from Dunbar and Harvard. His publications, such as *Southern Road*, addressed race in America and became part of the Harlem Renaissance.[e]
- Charles Drew was appointed to the college of medicine in the 1930s. Another Dunbar graduate, Drew finished second in his class from McGill University Faculty of Medicine and was the first African American to receive a doctorate in medical science from Columbia University. Drew developed uniform procedures and standards for collecting blood and processing blood plasma, and he created mobile blood donation stations.[f]

[a] "Ralph Bunche–Biographical," Nobelprize.org, accessed October 18, 2016, http://www.nobelprize.org/nobel_prizes/peace/laureates/1950/bunche-bio.html.
[b] "NAACP History: Charles Hamilton Houston," National Association for the Advancement of Colored People, accessed October 26, 2016, http://www.naacp.org/oldest-and-boldest/naacp-history-charles-hamilton-houston/.
[c] "Alain LeRoy Locke," Stanford Encyclopedia of Philosophy, accessed October 18, 2016, http://plato.stanford.edu/entries/alain-locke/.
[d] "Abram Lincoln Harris Jr.," BlackPast.org, accessed October 18, 2016, http://www.blackpast.org/aah/harris-abram-lincoln-jr-1899-1963.
[e] "Sterling A. Brown," Poets.org, accessed October 18, 2016, https://www.poets.org/poetsorg/poet/sterling-brown.
[f] "The Charles R. Drew Papers: Biographical Information," National Institutes of Health, US National Library of Medicine, accessed October 18, 2016, https://profiles.nlm.nih.gov/ps/retrieve/Narrative/BG/p-nid/336.

1930s: The Great Depression

The stock market crashed in October 1929. By 1932, the Great Depression had reached the capital. The federal employment of 33 percent of the District's workers was not sufficient protection from the economic crisis (Lewis 2015). Construction projects that President Hoover had under way, including the renovation of the Federal Triangle and the expansion of the Smithsonian, also proved an insufficient shield against the economic crisis. Federal workers were furloughed. About 40,000 people were on the relief rolls by the end of the year. Businesses also were hard hit. Four banks closed, including the Black-owned Industrial Savings Bank (Lewis 2015).[27]

Black private-sector workers continued to face employment discrimination. In 1933, they formed the New Negro Alliance to advocate for economic and civil rights.[28] They picketed and boycotted White-owned businesses in Black neighborhoods that did not employ Black workers, such as People's Drug Stores and the Safeway grocery chain. The alliance's slogan was "Don't Buy Where You Can't Work." The Supreme Court overruled the District Court's injunction against the organization and upheld its right to boycott, stating, "those having a direct or indirect interest in the matters of employment have the freedom to take action against discrimination and peacefully persuade others."[29]

Franklin Delano Roosevelt became president in 1933 and introduced programs to provide all Americans food and jobs. However, federal workers' salaries were reduced 15 percent, and veterans' pensions were reduced or eliminated (Lewis 2015). By 1934, 28,000 District families had been evicted from their homes, which were auctioned off by the District tax office, and the number of relief centers had risen from 5 to 14.[30]

Another source of relief for some people of African descent came from a Black minister, Lightfoot Solomon Michaux (Lewis 2015). He forged relationships with Presidents Hoover and Roosevelt, as well as businessmen. When the Depression hit, he bought a building on Seventh and T Streets to house people who had been evicted, and he created an employment agency. He also provided meals for a penny at his café.

During the 1930s, the Roosevelt administration created new agencies that required a substantial increase in federal employees from 63,000 in 1929 to 166,000 by 1940 (Lewis 2015). People came to the capital for jobs and to conduct business with the government. The new agencies also created a demand for buildings to house them, producing more jobs. The District's population increased by over a third from the 1930s to the 1940s.[31]

1940s: World War II

World War II created another demand for government workers to support the war effort. People came from across the country, with about 5,000 arriving in the capital each month (Lewis 2015). Because men were serving in the armed forces, the government encouraged women to join the workforce. Approximately 200,000 women came to Washington, DC, during World War II to become "Government Girls."[32]

As the demand for housing intensified, many homeowners converted their residences to boarding houses (Lewis 2015). In addition, the government built housing in the District, Maryland, and Virginia. The Defense Homes Corporation purchased land at 16th and Euclid Streets NW and built the Meridian Hill Hotel in 1942 to accommodate 800 women.[33] These accommodations were segregated, and no Black women could stay, regardless of income level. Separate dormitories, including the George W. Carver Hall and the Lucy Diggs Slowe Hall, were constructed for Black people. Ironically, Howard University now owns the Meridian Hill Hotel building and Carver and Slowe Halls, which were used as dormitories for its students.

In 1941, Minister Lightfoot Michaux and Howard University professor of architecture Albert I. Cassell obtained a $3 million Federal Housing Administration loan and built the Mayfair Mansions (Lewis 2015). The buildings opened in 1946 on Benning Road and provided Black families over 590 garden apartments (DC Office of Planning 2009).[34]

The Black community built on Barry Farms shortly after the Civil War did not fare as well. During the Great Depression and World War II, much of this community was demolished to create space for public housing (DC Preservation 2007). Barry Farms was further devastated when the National Capital Park and Planning Commission approved a plan in 1942 to build the Suitland Parkway to improve transportation for defense industry employees between the District and Maryland; the commission routed the parkway through the community (National Park Service n.d.; Williams 2016). Individual and community assets in Barry Farms were destroyed to accommodate government urban renewal and infrastructure decisions.

Despite a labor shortage, racial discrimination persisted in employment, including defense plants (Bass 2002; Lewis 2015). And the armed services continued to practice segregation. A. Philip Randolph, who founded and led the Brotherhood of Sleeping Car Porters, and Walter White, head of the NAACP, met with Roosevelt to address these issues. When nothing changed, Randolph planned a march on Washington that would have included tens of thousands of Black protestors from across the nation. Concerned about the impact of such a march, Roosevelt worked with Randolph to write Executive

Order 8802, which prohibited employment discrimination by federal agencies, unions, and companies engaged in defense industries on war-related work.[35] Roosevelt also created the Fair Employment Practices Committee to enforce the executive order. However, these measures did not address segregation in the military. The legal ban on discrimination in the armed forces would not occur until 1948 under Executive Order 9981, signed by President Truman.[36]

1950s: The Suburbs, Redlining, and Racial Covenants

The 1950s were a time of extraordinary change in the population, housing, redevelopment, education, and discrimination. And by 1960, the District became majority Black for the first time.

During the 1950s, the population of DC proper declined while the number of people living in the adjacent Montgomery and Prince George's Counties in Maryland, and Arlington and Fairfax Counties in Virginia, grew precipitously (Lewis 2015). The District's population fell from about 802,000 to almost 764,000.[37] The population of the metropolitan area climbed from approximately 1.5 million to about 2.1 million (Gillette 2006; Lewis 2015). Washingtonians were drawn to the suburbs, where they could obtain more spacious housing, better schools, and lower taxes. For the District, this lure to the suburbs began in 1937 with the development of Greenbelt, a model suburb in Prince George's County (Lewis 2015). More expansive suburban development was delayed until after World War II.

Greenbelt was developed solely for White families (Lewis 2015). The impact of restricting suburbs to White families has been well documented. Oliver and Shapiro (2006, 18) wrote that the "suburbanization of America was principally financed and encouraged by actions taken by the federal government which supported suburban growth from the 1930s through the 1960s by way of taxation, transportation, and housing policy." Between 1933 and 1978, these policies enabled 35 million White families to purchase homes in the suburbs but restricted Black families to central cities (Conley 1999; Lui et al. 2006; Oliver and Shapiro 2006).

These discriminatory policies included the Home Loan Corporation Act, which was passed in 1933 as part of the New Deal and authorized the Home Owners' Loan Corporation, or HOLC (Conley 1999; Hillier 2003, 2005; Lui et al. 2006; Oliver and Shapiro 2006). The purpose of HOLC was to make loans between 1933 and 1936 to homeowners faced with foreclosure. However, the Home Loan Bank Board subsequently requested that HOLC create the City Survey Program, which documented real estate conditions in 239 US cities (Hillier 2005). This effort resulted in residential maps that used color coding to convey the "desirability of neighborhoods." Red was given to the neighborhoods receiving a "D" grade—neighborhoods with lower homeownership rates, poor housing conditions, and "undesirable populations."[38]

While HOLC made loans to Black, Jewish, and immigrant borrowers, and to residents in neighborhoods where these groups lived, it resisted selling properties obtained through foreclosure to Blacks wishing to purchase homes in White neighborhoods. In this way, HOLC directly supported racial discrimination and segregation. Its indirect influence on discrimination resulted from its lack of policy or practice for how lenders used the residential security maps and neighborhood appraisals (i.e., redlining) that the agency created (Hillier 2003).

This standardized system of appraisal institutionalized a racially discriminatory practice of valuing housing that included assessing a community's racial composition (Oliver and Shapiro 2006). Hillier's (2005) research shows that race was a significant factor in predicting the grading and color coding of a neighborhood. Cities with higher percentages of Black residents were more likely to receive lower grades and different map colors. Similarly, the closer a neighborhood was to the central city, the worse the grade and map color.

HOLC's appraisal system was adopted by the Federal Housing Administration (FHA), which was established in 1934 and brought about the mortgage system that allowed people to purchase homes with relatively small down payments. In addition, the FHA developed its *Underwriter's Manual* to train appraisers.[39] The manual stated, "if a neighborhood is to retain its stability, it is necessary that properties shall continue to be occupied by the same social and racial classes" (Oliver and Shapiro 2006, 18).

The FHA advocated using restrictive covenants to maintain the racial segregation of neighborhoods.[40] Although the Supreme Court outlawed the covenants in 1948, their impact continued. In addition to the lingering effect of redlining and covenants, there was a bias in favor of financing single-family detached homes rather than multifamily homes, new developments outside the city rather than central cities, and new purchases rather than repairs of existing homes. Older homes and Black communities were less likely to receive approval for loans. Loans were primarily approved for White housing in the suburbs.

Between 1950 and 1960, the District's population declined 5 percent. However, the shift in the composition of the District was much more pronounced. The White population fell 33 percent while the Black population climbed 47 percent.

Conley (1999) notes that between 1930 and 1960, when suburbs were formed, Black Americans received less than 1 percent of the nation's mortgages. Similarly, Oliver and Shapiro (2006, 18) write

> The FHA's actions have had a lasting impact on the wealth portfolios of Black Americans. Locked out of the greatest mass-based opportunity for wealth accumulation in American history, African Americans who desired and were able to afford homeownership found themselves consigned to central-city communities where their investments were affected by the "self-fulfilling prophecies" of the FHA appraisers: cut off from sources of new investment, their homes and communities deteriorated and lost value in comparison to those homes and communities that FHA appraisers deemed desirable.

Another factor driving the exodus of White families from the District was the Supreme Court ruling on *Brown v. Board of Education* that required the desegregation of public schools (Lewis 2015). President Eisenhower promised in his first State of the Union Address to end segregation and make the District's schools a model for the rest of the nation. He proposed "to use whatever authority exists in the office of the president to end segregation in the District of Columbia, including the federal government, and any segregation in the armed forces" (Eisenhower 1953).

Virginia governor Thomas Stanley asserted that he would resist desegregation and appointed the Gray Commission to determine options for defying the court ruling.[41] Maryland's governor indicated his intentions to move slowly. By 1956, the District's White student population had fallen by 6,000; by 1966, the District's schools were 95 percent African American. Because of this continued segregation of schools, talent and ability are selectively constructed in our nation's schools on racial grounds (Darity and Jolla 2012, 1).

Between 1950 and 1960, the number of non-Black people of color living in District doubled from about 3,500 to nearly 7,000. President Eisenhower's actions also had implications for these communities. In his State of the Union Address, Eisenhower expressed concern about the Emergency Immigration Act of 1921. The legislation's intent was to temporarily restrict the annual number of immigrants entering the United States to a quota based on the country of origin.[42] This legislation favored immigration from Northern European countries. Eisenhower stated:

> We are—one and all—immigrants or sons and daughters of immigrants. Existing legislation contains injustices. It does, in fact, discriminate. I am informed by members of the Congress that it was realized, at the time of its enactment, that future study of the basis of determining quotas would be necessary. I am therefore requesting the Congress to review this legislation and to enact a statute that will at one and the same time guard our legitimate national interests and be faithful to our basic ideas of freedom and fairness to all. (Eisenhower 1953, 13)

However, by 1954, Eisenhower presided over the project pejoratively called "Operation Wetback." The project was intended to deport undocumented Mexicans, but it reportedly forced out some documented Mexicans, too. The documented Mexicans had been invited to the United States as guest workers during World War II.[43]

Many remaining District residents experienced the upheaval of urban renewal. The stated objective was to eliminate slums and improve the conditions of the residents who had lived in them (Lewis 2015). In 1952, the National Park and Planning Commission determined that urban renewal would take place in Southwest DC, which was bordered by South Capitol Street, Independence Avenue, and the Washington Channel. This area encompassed commercial and residential buildings. Residents contested the government's use of eminent domain to take possession of the land, homes, and buildings. The *Pittsburg-Washington Courier* argued against the residents' concerns, printing,

> The plea that "thousands of Negroes will lose their life savings and become renters or objects of charity; hundreds of Negro business enterprises will be wiped out; hundreds of Negro churches will be destroyed and their membership scattered; Negro professional men will lose their clientele" is seen as a poor excuse for not making Washington the most beautiful city in the world. (Gillette 2006, 163)

The Supreme Court upheld the government's authority to carry out its plans (Lewis 2015). Five hundred sixty acres were bulldozed, and 4,800 structures, 1,500 businesses, and 6,000 homes were razed, along with most trees. Approximately 23,000 residents, predominantly Black people, were displaced and received little relocation assistance. Many of these residents migrated to Anacostia (Gillette 2006). Some went to the Barry Farms community and spurred the overbuilding of multifamily housing, further dismantling the original community.[44]

Eventually, 5,800 new homes would replace the former structures in Southwest and would be inhabited by 13,000 middle- and upper-middle-class residents (Lewis 2015). Only 310 units were for moderate-income families, and only one apartment complex was for low-income families (Gillette 2006). Over one-third of the original residents moved to public housing, 2,000 families moved to private rental units, and 391 purchased homes in other parts of the District.

The decision to redevelop the area also was influenced by the enactment of the Interstate Defense Highway Act of 1956, which provided federal support for 90 percent of construction costs for highways (Lewis 2015). This legislation provided the District resources to increase access to the suburbs, and urban renewal provided the opportunity to construct Interstate 95 through Southwest DC and to Maryland.

White people were not the only District residents leaving for the suburbs; federal government departments also moved to Virginia and Maryland. In response to a growing concern about the Soviet Union's development of an atomic bomb and a possible attack on the capital, several government agencies were built in the suburbs, including the Central Intelligence Agency, the Federal Bureau of Investigation Academy, and the National Security Agency (Lewis 2015). Businesses, such as defense contractors that relied on these agencies and departments, followed them out of the capital, further reducing the employment and tax base for District residents in favor of the suburbs.

For residents remaining in the District, segregation in public spaces was a matter of custom, not law (Frandin and Frandin 2005). The District had two laws making discrimination in restaurants, theaters, and other public places a misdemeanor. These laws were enacted in the 1870s when the District had an elected assembly. Lewis Douglass, Frederick Douglass' son, introduced the law in 1872. A second law was enacted in 1873. In 1874, Congress abolished the elected assembly and went back to governing the District through commissioners. The laws were never revoked, but they were ignored until Black scholar Tomlinson Todd rediscovered them in 1949 and brought them to the attention of his neighbor, Mary Church Terrell.[45]

Terrell led a campaign by the Coordinating Committee for the Enforcement of the DC Anti-Discrimination Laws, a group of Black and White residents who engaged in legal action, research, and protest (Frandin and Frandin 2005). In 1951, the committee appealed to the courts to uphold the "lost laws." While waiting for court action, the committee sent out Black and White "checkers"—akin to "audit" studies to detect discrimination—to 316 restaurants throughout the District to determine which ones discriminated.

Committee members compiled a list of "democratic" restaurants that they identified for newspapers and members of the public wanting to determine which businesses to patronize. The "nondemocratic" restaurants were identified for organized boycotts and picketing. The committee organized "sit-downers," a forerunner to the 1960s sit-ins, to take seats in Hecht's Department Store restaurant and wait for service. "Sit-downers" were not served or arrested, but the company lost business when other customers could not sit in those seats. The boycott and other actions cost Hecht's thousands of customers and $6 million by 1952, causing the store to relent and serve all customers. The committee boycotted other stores, including Thompson's, Murphy's Dime Store, Kresge's, and Lansburg's. The Supreme Court upheld the District's 1872 and 1873 antidiscrimination laws in 1953.[46]

1960s: Protests

Discrimination in housing, education, employment, and public services culminated in the 1960s with protests in the nation's capital. Although President Kennedy issued Executive Order 11063 in 1962 that prohibited federally funded housing agencies from discriminating in providing housing or funding for housing, there was a demand for much more substantive legislation.[47]

The March on Washington on August 28, 1963, brought more than 250,000 people to hear Reverend Martin Luther King Jr. and others speak against injustice and demand passage of the civil rights bill (Bass 2002; Lewis 2015). The seeds for this march were sown in the 1941 march on Washington by A. Philip Randolph that never took place in the interest of wartime unity. Randolph was a key planner of the 1963 march (Bass 2002).

In July 1964, President Johnson navigated the Civil Rights Act through Congress after the assassination of President Kennedy in November 1963. In addition to this legislation, Johnson won passage of the Voting Rights Act of 1965 and the Fair Housing Act or 1968.[48]

Critical for other communities of color in the District was the Hart-Celler Immigration Act of 1965. This legislation phased out the national origins quota system established by the Emergency Immigration Act of 1921. Johnson stated that the 1965 legislation would "repair a very deep and painful flaw in the fabric of American justice" (Kammer 2015).

Despite these legislative advances, the assassination of Martin Luther King Jr. on April 4, 1968, yielded anguish that led to three days of upheaval in the capital and other US cities. Initially, residents went from store to store demanding that they close out of respect for King (Jaffe and Sherwood 2014). This escalated to looting and burning businesses in the commercial corridors of 14th and U Streets NW, 7th Street and Georgia Avenue NW, McPherson Square, H Street NE, and 8th Street SE.[49] Most of the businesses that were damaged were White owned (Lewis 2015). Black business owners placed signs in windows saying "Soul Brother" to prevent their businesses from being burned, but some were destroyed anyway.[50] In response to the upheaval, President Johnson called in 12,000 troops from the Army and National Guard. Twelve lives were lost, primarily because of the fires. Property damage was estimated at approximately $13 million in 1968 dollars.[51]

This traumatic upheaval was soon followed by the Poor People's March, which brought 7,000 protestors pressing for legislation providing employment and housing.[52] Marchers stayed on the Mall in Resurrection City, structures designed by an architecture professor from the University of Maryland and built by volunteers, politicians, and celebrities. The protest extended from May through June 1968, but ended because of 19 days of rain; the assassination of then–presidential candidate Robert Kennedy, who had championed their cause; and a lack of consensus among movement leaders about how best to proceed.

In November 1968, Richard Nixon was elected president following a campaign emphasizing law and order. He erroneously labeled the District as the “crime capital of the world” and linked this label to the majority-Black population (Lewis 2015). Though the crime rate had risen, the District’s crime level was well below that of many other US cities, and its murder rate was the lowest of any major city. But Nixon’s negative portrayal of the District helped him attract White Democratic voters to support his election.

While Nixon depicted the capital negatively, he paradoxically expressed an intention to rebuild the neighborhoods blighted by the protests after King’s assassination (Lewis 2015). He visited the Shaw neighborhood for a ceremonial groundbreaking and later committed about $30 million for an urban planning grant from the US Department of Housing and Urban Development (Gillette 2006). A key organization in redeveloping Shaw was the Model Inner City Community Organization (MICCO), a coalition of 150 community organizations established in 1966 by Walter Fauntroy, a native of Shaw and minister of a church there (Gillette 2006).

MICCO was formed to insert community control of redevelopment in the District and espoused a staged approach to redevelopment with rehabilitation of homes and minimal displacement of residents, in contrast to urban renewal in Southwest DC. MICCO’s approach resulted in new and rehabilitated housing units, but the incremental approach proved too slow, and the District’s Redevelopment Land Agency retook authority for control of redevelopment (Gillette 2006).[53] In addition, a new overpass took traffic away from H Street and its remaining businesses.[54] The neighborhoods remained physically and economically scarred for years.

The demographics of the population shifted substantially between 1960 and 1970. While the population declined about 1 percent, the makeup of the population changed markedly. The White population declined nearly 40 percent while the Black population climbed more than 30 percent. And the population of all other non-Whites rose 37 percent to approximately 9,500. By 1970, the Black population reached its pinnacle—nearly 538,000 people, or 71 percent of the population—while the White population made up 28 percent of the District.

The 1970s to 2010: Black Flight

Nixon’s presidency restored home rule (i.e., self-government) to the District in 1973 (Gillette 2006). Walter Washington was elected mayor in the District’s first elections since 1874. He had been appointed mayor in 1967 by President Johnson, after serving as a staff member of the National Capital

Housing Authority and leader of the New Negro Alliance. He was reappointed by Nixon in 1969 (Lewis 2015). Washington distinguished himself by refusing to order police to shoot protesters who looted stores in the aftermath of King's assassination.

Mayor Washington governed until his defeat by Marion Barry in 1978. Barry had established a track record as founding chair of the Student Nonviolent Coordinating Committee, founder of Pride Incorporated (a job training program for unemployed Black men), school board president, and at-large city council member (Gillette 2006).[55] Although Mayor Barry inherited a $284 million budget deficit, he balanced the budget and ran a surplus for several years (Lewis 2015). Barry extended city contracts to Black businesses that had previously gone almost exclusively to White enterprises. Fifty percent of the funding for the former convention center at Ninth and H Streets went to Black firms. Barry also created summer job programs for youth and expanded District government employment opportunities for Black residents that facilitated their entry into the middle class. On the other hand, Barry achieved the balanced budget partly by laying off 4,000 District government workers.

The 1980s included an infusion of drug trafficking, especially cocaine and crack (Jaffe and Sherwood 2014). Orleans Place and Trinidad were particularly hard-hit neighborhoods. The city also suffered from the grave expansion of guns and gun violence. Even though the District had strict gun control laws, the relative ease of gun access in Virginia facilitated gun purchases there and transportation into the District. Although many forms of crime declined, including robbery, rape, and burglary, deaths from gun violence rose (Jaffe and Sherwood 2014). Barry's initial tenure as mayor ended as a result of his own drug use when he was arrested in 1990 and later incarcerated (Lewis 2015). He was later reelected mayor and served from 1995 to 1998, followed by another tenure on the city council.

This turmoil and the concern over the declining quality of schools in the District resulted in the flight of middle-class Black families and White residents to the suburbs (Jaffe and Sherwood 2014). Between 1970 and 1990, the District's Black population declined 26 percent. In comparison, the number of Black people in the District grew 91 percent from 1950 to 1970. Prince George's County was a key destination for Black people fleeing the capital. By 1990, the county was 51 percent Black (Maryland Department of Planning 2002). Prince George's County became one of the wealthiest and best-educated majority-Black counties in the country.[56]

Immigration to the region also increased during the 1980s. New arrivals included Afghan, Asian Indian, Chinese, Ethiopian, Iranian, Latino, and Vietnamese residents (Jaffe and Sherwood 2014). They settled in counties surrounding the District, some opening businesses in shopping malls. Korean immigrants opened small stores in the District. Many who came from the Salvadoran town of Chirilagua moved into apartment complexes in Alexandria, Virginia, pooled their resources, and purchased the complex, renaming it Chirilandria (Gonzalez 2011).

Latinos also began arriving in the District in large numbers in the 1980s from El Salvador and Nicaragua, as the two countries' civil wars escalated and people fled. They settled primarily in Adams Morgan and Mount Pleasant, tended to work in the hotel and restaurant industries, and joined organized labor unions (Gonzales 2011). Latinos in the District were affected by racism. A 1991 shooting of a Latino by a police officer sparked upheaval and looting of four square blocks in Mount Pleasant. In the aftermath, Latino leaders expressed their grievances about racism toward their community and the ill treatment inflicted by police officers and government officials.

Changes in immigration laws created some stability for Central Americans. The enactment of the 1986 Immigration Reform and Control Act provided amnesty for long-term undocumented residents (Gonzalez 2011). In 1990, Congress suspended deportations of Salvadorans, Nicaraguans, and Guatemalans. In addition, the US District Court ruled against the Immigration and Naturalization Service's policy of deporting Salvadorans and Guatemalans.

Between 1990 and 2005, low-income Black people from the District and Latino and immigrant families from Montgomery County migrated to Prince George's County, looking for affordable housing, better schools, and safe neighborhoods. DeRenzis and Rivin (2007, 17) described this migration as a possible quest for "a pathway to entering the middle class." As of 2016, 64 percent of the county identifies as Black, 20 percent as White, and the remainder as Asian, Latino, and "other."[56]

The next chapter will discuss the rise in the white population within the District since 2000 and some of the implications of the structural barriers described above.

BOX 3

The Role of Politics in the Economic Well-Being of DC Residents

Howard Gillette (1995) wrote, "although public officials from the start had maintained high expectations for the District of Columbia as a model city for the new nation, federal oversight of Washington in practice proved uneven at best and at times disastrous.

"The cause of the urban policy failures that have left vast parts of Washington with neither safe streets nor a livable environment lies not in local circumstances but in national choices."

There was a pattern by which the social advances of one period were undercut by the next.

- In John Adams's administration in 1800, Congress divided the District into Washington County on the Maryland side of the Potomac River, Alexandria County on the Virginia side, and Washington City and Georgetown.
- In 1802, Congress gave Washington City a limited charter for home rule (self-government).
- In 1866, Congress passed legislation overruling President Jackson's veto granting suffrage without a literacy requirement to Black men.
- In 1868, Black and White residents elected Sayles Bowen to be mayor. He supported suffrage, school desegregation, and public works.
- Mayor Bowen was voted out of office in 1870, largely by White residents.
- Congress passed the Organic Act in 1871, which
  - made the District of Columbia a territory;
  - combined Georgetown, Washington City, and Washington County (Alexandria County had been returned to Virginia in 1846);
  - stripped residents of their limited self-government that had existed since 1802;
  - gave the president authority to appoint a governor, 17-member council, board of health, and board of public works;
  - continued universal suffrage for citizens, but limited their vote to the election of a house of delegates for DC and one nonvoting delegate to the Congressional House of Representatives, not the governor; and
  - left unclear the financing of improvements for the District (the governor incurred a $20 million debt for these improvements).
- In 1874, Congress abolished the post of governor, imposed real estate taxes to address the debt, and required the president to appoint three commissioners to govern the District.
- Congress codified directives into the Organic Law of 1878, under which
  - the District's operating costs were divided equally between the federal government and local tax revenues;
  - the nonvoting Congressional House Representative was eliminated; and
  - suffrage for White and Black men was eliminated.
- In 1917, prohibition was imposed on the District a year before the 18th Amendment to the Constitution applied prohibition to the rest of the nation, resulting in job and business losses for some residents.
- President Wilson opposed universal suffrage before becoming president. He did not believe Black people or women deserved the right to vote.
  - Alice Paul organized and advocated for women's suffrage but excluded Black women.

    - Wilson capitulated and supported women's suffrage, and in 1920, the 19th Amendment for universal suffrage became law.
- Congress reduced the share it would pay for the District's budget from 50 percent (set by the Organic Law of 1878) to less than 40 percent, demanding that District residents tax themselves to make up the difference.
- In 1930, President Hoover appointed three new District commissioners.
- As the District's population declined, residents had no power to vote on issues and actions to address their positions.
- In 1964, President Johnson introduced legislation to give the District home rule, but it failed. It was opposed by the District's Board of Trade.
- In 1967, Johnson compromised with Congress and received authority for presidents to appoint a mayor and city council. Under the compromise,
    - Congress would retain control of the District's budget;
    - congressional control of the budget and the Board of Trade's control of power in the District determined who had access to wealth;
    - Johnson appointed John Hechinger, a businessman who supported home rule, to the city council (Hechinger's family-owned hardware business employed and advanced Black people); and
    - Johnson appointed Walter Washington, an attorney and former New Negro Alliance activist, as mayor.
- The Nixon administration portrayed the District as a dangerous place but introduced legislation for home rule in Nixon's Actions and Recommendations for the District of Columbia.
    - The legislation was enacted in 1973.
    - Representative John McMillan, chair of the House District of Columbia Committee, was defeated in his bid for reelection. The defeat was partly because of funds sent to South Carolina by District residents organized by Walter Fauntroy to support Black voter turnout.
    - Home rule gave District residents the right to vote for a mayor and a 13-member city council.
    - The council had the authority to tax residents, but Congress maintained control of the District's budget and the authority to override legislation passed by the council.
    - The home-rule charter was adopted in November 1974, but the District's member of the House of Representatives had a nonvoting status.
    - In 1995, Marion Barry, elected to a fourth term as mayor and facing a financial crisis, declared that the District could not meet the costs of functions (e.g., Medicare) that state government would

typically incur. Two months later, Congress put in place a financial control board that imposed limits on elected officials.

Photo by David Harmantas via Shutterstock.

2. Gentrification in the District

The first chapter presented the policies, programs, and practices in the Washington, DC, metropolitan area that set the context for the current wealth holdings of different communities, especially US Black and White households. These structural barriers have implications for housing and gentrification. Prince (2014, 13) states the racial wealth gap is relevant to gentrification because "gentrification occurs through the flow of capital and the influx of people who have access to this important resource."

Housing and Gentrification

Gentrification entails the conversion of a neighborhood that usually has been the home of lower-income families to a higher-income neighborhood through the influx of new residents who purchase and renovate housing units; individuals or developers who buy, renovate, and sell multiple homes at much higher prices than they paid for them; developers who build or renovate buildings; and new goods and services (Asch and Musgrove 2016; Levy, Comey, and Padilla 2006; Williams 2016; Prince 2014). This process pushes up the purchase and rental prices for housing and increases property taxes. This typically leads to the displacement of lower-income people.

Some displaced families may have rented apartments or homes that are no longer available or affordable for rent. Others may have owned homes that they can no longer afford as property taxes rise. Gentrification often results in or is defined by a demographic transition in the racial and ethnic composition of a neighborhood. Consequently, iterative effects may lead long-term residents to leave because of the loss of friends, because of a change in the community's character, or because they no longer feel at home in their transformed environment (Prince 2014).

Asch and Musgrove (2016) describe four waves of gentrification in the District, mostly driven by the expansion of the federal government and the subsequent draw for new residents who were generally young, White, childless, and well-educated professionals. The housing initially affordable to the newcomers was in lower-income neighborhoods, and public policies facilitated the newcomers' redevelopment of these neighborhoods.

The first wave of gentrification, private investment, occurred in Georgetown beginning in the 1920s. The neighborhood was racially mixed and home to once well-to-do owners of mansions along with working-class Irish and Black people who lived in rooming houses and alley dwellings. The expansion of the federal government by World War I and the New Deal brought new federal workers seeking homes. The tight housing market led them to Georgetown, where they bought and renovated homes and formed White homeowners' associations to solidify control of the neighborhood.

The purchase or retention of homes by Black people was thwarted by the 1926 Supreme Court ruling *Corrigan v. Buckley*, which upheld the practice of racial covenants by White property owners and FHA underwriting rules requiring lenders to use redlining to designate Black and mixed-race neighborhoods as high risk, limiting loans to residents in these communities.[58] In 1949, the Old Georgetown Act made Georgetown a historic district. Black residents expressed opposition but lacked the political clout to stop this law, which led to an increase in housing prices and property taxes and further accelerated their displacement.

The second wave of gentrification was spurred by the influx of young federal workers who came to the District during World War II and stayed. Black people were also moving to the District as part of the Great Migration. While Black people moved to an area from Foggy Bottom to Southwest, Whites moved to Georgetown, segregated areas around center city, and suburbs, including Prince George's, Montgomery, and Arlington Counties.

The 1950s Supreme Court rulings striking down racial covenants and segregated schools hastened the movement of many White District residents to the suburbs. Those who remained purchased homes in Kalorama and houses that Black residents had been renting in Foggy Bottom and on Capitol Hill. "As private restoration efforts displaced Black residents by the hundreds, urban renewal [in Southwest] displaced them by the thousands" (Asch and Musgrove 2016, 116). Displacement of Black people became a focal point for activists in the District during the 1960s.

The third wave of gentrification took place in the 1970s and 1980s in response to young professionals' disaffection with the suburbs and attraction to cities. They moved into Logan Circle, Adams Morgan, Mount Pleasant, Columbia Heights, Capitol Hill, Hill East, DuPont Circle, and LeDroit Park. By the late 1970s, 12 percent of District apartment units had been or were being converted to condominiums. Residents threatened with displacement fought back through their newly elected city council and won the enactment of legislation that provided tenants rent control, a moratorium on condo conversions, and first right to purchase their units and their buildings.[59]

These policies slowed displacement, but the crack cocaine epidemic and the accompanying violence halted the third wave of gentrification. The District was left divided by race, class, and wealth. While 37 percent of the District's White population made $75,000 or more in 1994, only 7 percent of Black people made this amount (Asch and Musgrove 2016).

Several factors contributed to the fourth wave of gentrification from the late 1990s to the present, including concerted efforts by city officials to attract businesses to the District, the opening of new subway stops in Columbia Heights and the U Street corridor, the decline of the crack epidemic and a fall in the crime rate, and the post-9/11 growth in defense, intelligence, and information technology (Asch and Musgrove 2016).

Passengers wait to board a Metro car in Washington, DC. Photo via Shutterstock.

The expansion of jobs attracted new professionals who wanted to live in the city. Moreover, the housing market that was rapidly heating up offered the potential for large profits, as housing prices and values were driven higher. Gentrification was renewed in Capitol Hill, Logan Circle, Adams Morgan, Columbia Heights, LeDroit Park, and Shaw (Asch and Musgrove 2016; Comey 2006).

Photo by Matthew Johnson/Urban Institute.

Rental prices also rose markedly between 1999 and 2005. Rent for a two-bedroom apartment increased 45 percent (Tatian 2006a). Only 10 of 331 major metropolitan areas in the nation experienced a greater increase. The share of households paying more than 30 percent of their income for housing climbed from 39 percent in 2000 to 46 percent in 2004.

From 2000 to 2007, Section 8 rent-assisted housing units declined 15 percent, as landlords took their rental property out of the program. Ward 8 lost the most units, followed by Ward 5 and Ward 2 (Tatian 2008a). The rising cost of housing and loss of rent-supplemented units potentially reduced the affordable housing for lower-income residents.

The housing boom paused in response to the real estate and financial crisis that crystallized in 2007 and 2008. There was a pattern of increasing subprime loans, followed by rising delinquencies in mortgages and rising foreclosures. Subprime lending grew from 3.2 percent of conventional home purchase and refinance loans in the District in 2002 to 12.5 percent three years later (Tatian 2008b). Wards 4, 5, and 7, were particularly affected, where 4 in 10 home loans were subprime mortgages in 2005.

Subprime loans are not intrinsically negative or illegal. They carry higher interest rates and are intended for borrowers with credit risks. However, *predatory* subprime loans carry unjustifiable fees, penalties, or loan terms and may involve fraudulent acts, such as inappropriate marketing strategies or lack of full disclosure (Tatian 2007). Predatory loans also may be targeted to borrowers based on their race, ethnicity, or age, even when these borrowers qualify for prime loans with more advantageous terms. In 2004, Black and Latino residents of the District were, respectively, three and two times more likely to receive subprime loans than White residents.

Following the rise in subprime loans, the percentage of delinquent mortgages (particularly subprime mortgages) rose. And from 2005 to 2007, the number of notices of foreclosure filed against residential property owners nearly doubled.

Foreclosures are not just devastating to the homeowners. If the foreclosed property is occupied by tenants, they lose their home (Tatian 2009). In addition, foreclosures can lower the equity of nearby homes and reduce the property tax revenue for the District (Tatian 2008a).

In 2010, the District enacted a foreclosure mediation law that slowed the foreclosure process (Tatian 2012). There were 270 foreclosure notices in 2012 compared with 3,986 in 2011. However, the inventory of foreclosed homes remained as high as in 2008. And foreclosure-related sales continued, particularly in Wards 4, 5, 7, and 8. One-third of home sales in Ward 8 during 2011 were related to foreclosure.

Between 2000 and 2010, the number of low-rent units declined from 70,600 to 34,500, and the number of low-value homes fell from 65,600 to 17,600 (Asch and Musgrove 2016). Mayor Williams proposed the New Communities Initiative to develop affordable housing with community input and staged development with minimal displacement not unlike the MICCO plan. However, New Communities did not pan out, and hundreds of low-cost housing units were demolished while few new units were built. This forced low-income Black people to move to the eastern wards of the District and to Prince George's County.

Potential Solutions

Centuries of policies, programs, and practices prohibited many Black people from developing wealth, stripped them of the wealth they did accumulate, and denied them access to credit, depriving them of resources to buy or rehabilitate their own homes or to weather climbing rents. Insufficient wealth left many Black families vulnerable to the whims of gentrification and caused them to become nomadic, leaving their communities in search of an affordable place to live and raise their families. What are the solutions for ensuring that people of color can remain in their homes and neighborhoods and thrive as these places undergo change? A range of potential solutions has been proposed in other research.

Investment in Neighborhoods, without Displacement

Gentrification does not have to be the outcome of development in low-income neighborhoods. Levy, Comey, and Padilla (2006) assert that neighborhood revitalization can occur if investments are made in neglected areas without negatively affecting the residents who have held on during disinvestment.

Asset-building strategies such as publicly funded matched savings accounts can help residents avoid displacement when combined with other methods. Having some savings will increase residents' options, allowing them to exercise their first right to purchase their unit or home if the owner decides to sell, or to have sufficient funds for the first month's rent and deposit if the resident needs to move to another apartment in their neighborhood.

City and community development corporations need to buy parcels of land early, before prices begin to rise, for future development of affordable housing. Early land banking enables cities to provide low-income families with homes they can afford even if their neighborhoods undergo gentrification.

Local government must demonstrate a commitment to affordable housing and show leadership by enacting legislation and establishing regulations. To keep housing costs from soaring beyond the means of current residents, governments can establish rent control. Removing barriers to new affordable housing may require assessing and revising zoning. In addition, local governments may need to provide financial and technical support to create new affordable housing.

Community involvement can facilitate or deter development. Neighborhood residents should be organized and receive information concerning their rights regarding displacement. They can then determine whether development is in their best interest; inform developers of community needs that should be addressed, and provide ideas for how this should be done; or block development that would be detrimental to their well-being. Bogle, Diby, and Burnstein (2016) advocate involving community residents in all phases of planning and development.

Rental Supplements

In addition, government should enact legislation for additional rental supplements, including Section 8 vouchers (Tatian 2006a). These vouchers provide tenants the flexibility to look for the kind of housing they would like in locations they prefer. The challenge is that families may have difficulty finding a landlord who will accept the voucher and rent to them, although District law prohibits this. The percentage of voucher recipients who found housing fell from 81 percent in the 1980s to 69 percent in 2001. However, there are some strategies that can increase the success of voucher holders in finding housing, such as mobility counseling that helps families identify homes and negotiate with the landlord. In addition, landlord outreach services and incentives can help attract landlords to the rental supplement program.

Protections against Predatory Subprime Lending

Tatian (2007) identified several alternatives to subprime lending that the District government could undertake. These alternatives include the following steps:

- Expand programs that arm borrowers with information on mortgage lending options and the real costs of homeownership
- Increase programs that help potential borrowers improve their credit histories
- Create standards that require full disclosure of short- and long-term costs to the borrower
- Require mortgage lenders to report credit scores of applicants along with other Home Mortgage Disclosure Act data, which would allow reviewers to determine whether subprime loans were justified
- Implement a paired-test strategy to determine whether mortgage lenders are illegally steering borrowers to subprime loans based on race, ethnicity, age, or other characteristics
- Have the recorder of deeds work with the Office of the Chief Technology Officer to provide data in a mapped form, which would allow foreclosure and subprime lending rates to be compared by wards and neighborhoods

Foreclosure Protection

Tatian (2012) also recommends providing troubled homeowners assistance from housing counselors, which yields higher rates of positive resolutions to foreclosure, loan modifications with lower monthly payments, and lower mortgage default rates.

Baby Bonds

Another approach to addressing the wealth gap and ensuring that Black families have the resources to remain in their homes would be to implement substantial child trust accounts, also known as Baby Bonds (Pew Research Center 2014). These accounts could provide a foundation for asset development for all newborns regardless of the financial position into which they are born (Hamilton et al. 2015). The program would be universal, but the amount of the endowment would be graduated based on the child's parental wealth. Ideally, every American newborn would be endowed with an average account of $20,000 that would rise as high as $60,000 for babies born into the lowest-wealth families. The accounts would be federally managed and grow at a federally guaranteed annual interest rate of 1.5 to 2.0 percent. They could be accessed when the child becomes an adult and used for asset-enhancing endeavors, such as purchasing a home or starting a business. With approximately four million infants born each year, and an average endowment around $20,000, the estimated program cost would be $80 billion. This sum would have constituted only 2.2 percent of 2012 federal expenditures.

Job Guarantee

Because child trust accounts would only affect future generations directly, other policy solutions must address chronic joblessness and dismantle barriers to economic success for current generations. One powerful lever is a federal job guarantee (Hamilton et al. 2015). By offering employment as a guaranteed right, the federal government could direct capital to the communities where it is most needed, while employing those communities to improve their own quality of life, such as cleaning and replacing broken windows, filling potholes, clearing and restoring abandoned lots, building affordable housing without displacing residents, and caring for the for the elderly and for the children of working parents.

3. The Color of Wealth in Washington, DC

The National Asset Scorecard for Communities of Color survey was developed to fill a void in national datasets that collect data on household wealth in the United States but rarely collect data disaggregated in detail by race and ethnicity at local levels. The survey has been implemented in five metropolitan areas to collect data about the asset and debt positions of racial and ethnic groups by national origin.

Other surveys have collected data on the net worth position of broadly defined ethnic groups, such as Latinos and Asians. In contrast, the NASCC survey collects asset and debt information on key subgroups within the broader categories, including Mexican, Puerto Rican, and Cuban respondents and Asian Indian, Chinese, Filipino, Korean, Vietnamese, and Japanese respondents. The NASCC data also provide information about Native Americans, disaggregated by tribal affiliation, and about Black Americans, disaggregated by ancestral origin (i.e., whether from the Caribbean or recently immigrated from Africa).[60] We know little about the asset positions of these subgroups. Moreover, lumping ethnic groups under aggregate racial and ethnic categories masks variation in social and economic status across subgroups.

Methodology

In 2014, a telephone survey was conducted in the Washington, DC, metropolitan area (including parts of Alexandria and Arlington County, Virginia, as well as Frederick and Montgomery Counties in Maryland) and in four other metropolitan areas (Boston; Miami; Tulsa, Oklahoma; and the Los Angeles metropolitan area). These areas were chosen systematically to ascertain the geographic and demographic representativeness of various ethnic groups defined by ancestral origin. Criteria for choosing metropolitan areas for sampling inclusion were primarily ethnic plurality and such variables as geographical representation, area size, and access to certain ethnic groups that might be hard to identify in an urban context. The sampling frame within each metro area was designed to locate and target racial and ethnic groups by ancestral origins.

The survey instrument was designed to gather information about a respondent's household assets, liabilities, financial resources, personal savings, and investment activity. Net worth is estimated by subtracting debts from assets. Assets included financial assets (e.g., savings and checking accounts, money market funds, government bonds, stocks, retirement accounts, business equity, and life insurance) and tangible assets (e.g., houses, vehicles, and other real estate). Debts included credit card debt, student loans, installment loans, medical debt, mortgages, and vehicle debt.[61]

Additional areas of inquiry include remittance behavior (i.e., sending assets or other resources abroad) and support for relatives in the United States. Further, the survey collects information on homeownership, foreclosure experiences, and the equity status of homes. Interviewers also solicited information relevant to the financial experiences of lower-wealth non-White people, such as the use of payday lenders. Core demographic characteristics (e.g., age, sex, educational attainment, household composition, nativity, income, and family background) are included in the survey with other variables related to urban dwelling.

The asset and debt module of the questionnaire largely replicates questions used in the Panel Study of Income Dynamics, the longest-running national longitudinal household survey in the United States, which collects data on employment, income, wealth, expenditures, health, marriage, education, and other topics. For many of the nonasset and debt-based questions, the NASCC survey replicated questions found on the Multi-City Study of Urban Inequality (MCSUI) survey. The MCSUI survey was a cross-section survey of Atlanta, Boston, Detroit, and Los Angeles, collected from 1991 to 1994 to compare socioeconomic positioning across ethnic and racial groups in urban areas.

Various sampling techniques were used to locate and identify an ethnically plural sample consisting of the defined ethnic groups. The techniques included

- directory-listed landline samples targeted to census tracts where specific ethnic groups were known to live,
- cell phone random-digit dialing samples drawn from rate centers that covered the targeted ethnic group zip codes,
- samples drawn from targeted zip codes based on billing address, and
- surname-based lists targeting specific national origin groups.

Racial and ethnic identity for this report is based on self-identification of the family respondent best qualified to discuss family financial matters. The statistics in this report used sample weights based on family characteristics in the US Census Bureau’s American Community Survey to generate results representative of each ethnic group’s characteristics in the respondent’s metropolitan area. The results computed from the unweighted NASCC sample, similar to those using the weighted NASCC sample, suggest that the ethnic group observations in the metropolitan areas covered by the study were fairly representative of their populations at large. The study was designed to compare ethnic and racial groups within the same metropolitan area. An advantage of this approach is the implicit control in asset and debt pricing and products, chiefly housing prices, associated with particular geographic areas.

Limitations to NASCC data should be noted. First, while NASCC does ask detailed questions on wealth—including debt type (e.g., education loan, vehicle, first and second mortgages), liquid assets, and other variables—some respondents have missing responses, which complicate examining all the relevant variables. Beyond using sample weights, we opted not to impute missing values. NASCC is cross-sectional, which does not readily allow us to examine household change over time. In addition, the survey is not nationally representative because of its focus on comparisons within each metropolitan area. The approach highlights the importance of conducting a larger and more comprehensive survey in other geographical contexts to enhance national surveys. Six hundred surveys were completed for Washington, DC, and its immediate surrounding area.

Findings

Before presenting the NASCC data, we present contextual information based on the Census Bureau's American Community Survey, which shows demographic changes in Washington, DC, compared with other urban areas across the country.

The White population share in DC has increased substantially from 1990 to 2014, despite a decline in White population shares across US cities (table 1 and figure 2). For Latinos living in DC, we see a near doubling (5.4 percent to 10.4 percent) over that same period, but we observe a much smaller increase in Latino's share of cities populations across the United States. Black people's share of the population in DC declined from 65.1 percent to 47.7 percent. This runs counter to the increase in Black people's share of city populations across the United States. Figure 2 also highlights a substantial increase in Asian people's share of the population in DC, though it is roughly in line with what we observe nationally.[62] Most striking is the decline in the population share for Black people in the city; the city is no longer majority Black.

TABLE 1

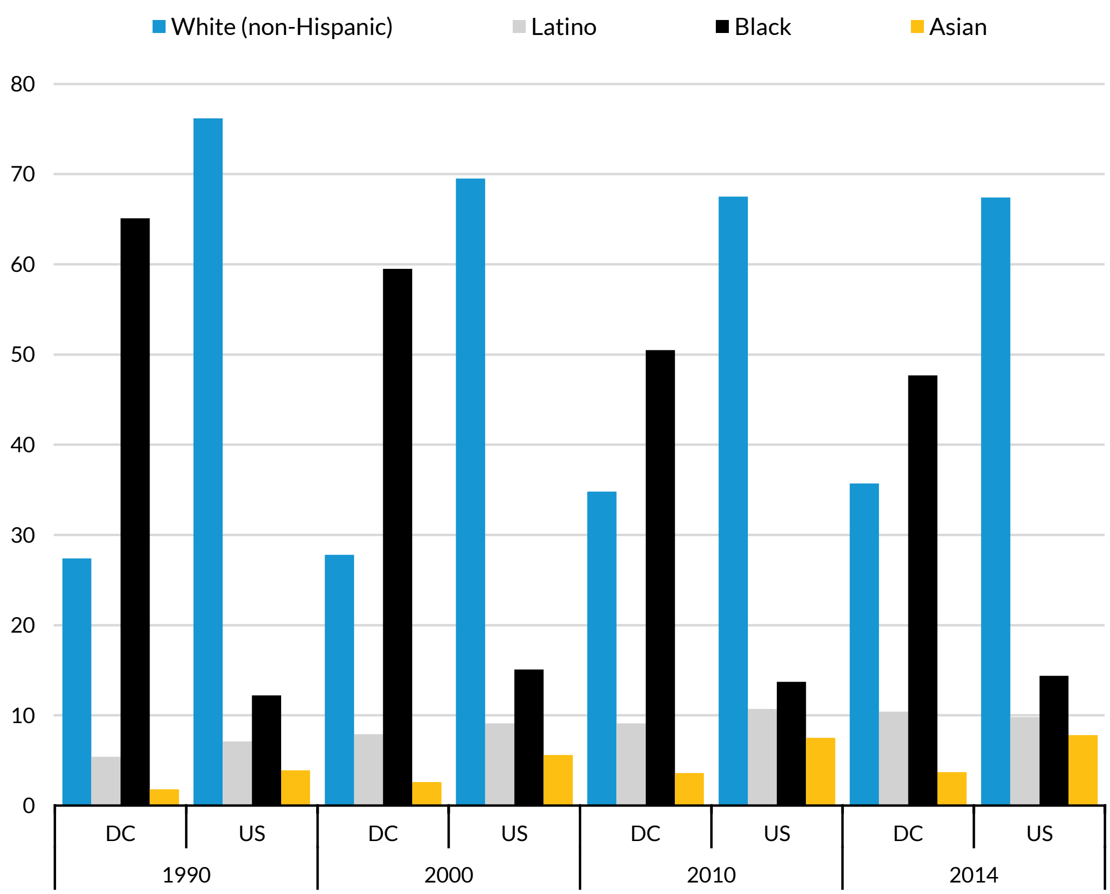
Population Share by Race, Washington, DC, and All US Cities 1990–2014 (%)

	1990		2000		2010		2014	
	DC	US	DC	US	DC	US	DC	US
White (non-Hispanic)	27.4	76.2	27.8	69.5	34.8	67.5	35.7	67.4
Latino	5.4	7.1	7.9	9.1	9.1	10.7	10.4	9.8
Black	65.1	12.2	59.5	15.1	50.5	13.7	47.7	14.4
Asian	1.8	3.9	2.6	5.6	3.6	7.5	3.7	7.8

Source: Authors' calculations based on US Census Bureau, American Community Survey, one-year estimates.

FIGURE 2

Population Share by Race, Washington, DC, and All US Cities 1990–2014 (%)



Source: Authors' calculations based on US Census Bureau, American Community Survey, one-year estimates.

Table 2 lists the number of NASCC-Washington, DC, household observations for the various racial and ethnic groups in the second column. Six hundred observations were collected for the metropolitan area, and seven racial and ethnic groups were examined.[63] White and Black households make up the largest subgroups, while Asian subgroups have the lowest sample sizes.[64] The rest of the columns in the table displays descriptive statistics for the NASCC survey sample. The share of household heads (or people designated as best qualified to discuss household finances) with a bachelor's degree or higher varied among racial and ethnic groups. Relative to Whites (80.3 percent), several groups had higher levels of educational attainment, including Chinese (90.6 percent), Korean (94.8 percent), and Asian Indian (97.8 percent) respondents. In contrast, US Black (45.4 percent), African Black (66.4 percent), Latino (49.5 percent), and Vietnamese (55.3 percent) heads of household were less likely than White heads to have earned a bachelor's degree or higher.

TABLE 2

Washington, DC, Metropolitan Statistical Area Sample Characteristics

	Observations	Has bachelor's degree or higher (%)	Married (%)	Median age (years)	Median family income (dollars)
White	153	80.3	57.4	50	110,000
Black, US	129	45.4***	29.8***	48	72,000
Black, African	45	66.4	53.0**	43***	59,000***
Latino	69	49.5***	47.7	45	80,000***
Chinese	25	90.6	55.1	40	110,000***
Korean	28	94.8*	56.0	59***	95,000***
Vietnamese	33	55.3**	50.5	47	90,000
Asian Indian	50	97.8***	69.2	52	90,000

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
Notes: The sample size used for the table consisted of 532 respondents, 68 short of the 600 respondents in the entire NASCC-Washington, DC, dataset. The table does not include 24 heads of household who identified as multiracial or the 44 who were "not elsewhere classified."
*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

The share of households that included a married couple also varied by race and ethnicity. White and Asian Indian households were most likely to include married couples while all other Asian subgroups and Latino households were less likely to include married couples. Only US Black and African Black households had statistically significantly different shares compared with White households (29.8 percent and 53.0 percent, respectively). The median age for groups in the sample ranged from 43 for African Black respondents to 59 for Korean respondents. Chinese and White households enjoyed the highest median incomes of $110,000 annually. Despite high levels of educational attainment, African Black households had the lowest median incomes among sampled groups at $59,000 annually.

Liquid Assets, Checking Accounts, and Savings Accounts

LIQUID ASSETS

Survey respondents were categorized as owning liquid assets (retirement assets are analyzed separately later)—assets that can be converted to cash to deal with budget shortfalls or unexpected expenses—if they possessed checking accounts, savings accounts, money market funds, certificates of deposit, or government bonds. Nearly all White households in Washington, DC (97.0 percent), possessed liquid assets (table 3). Chinese (99.9 percent) households had statistically higher liquid asset ownership rates than Whites. US Black (79.2 percent), African Black (78.5 percent), and Latino (86.0 percent) households had lower shares of liquid asset ownership.

CHECKING AND SAVINGS ACCOUNTS

Fewer US Black households (67.7 percent) owned checking accounts than White households (91.8 percent). African Black and Latino households were also less likely than Whites to have checking accounts. However, the differences were not statistically significant. Chinese (99.9 percent), Korean (94.8 percent), Vietnamese (95.0 percent), and Asian Indian (97.2 percent) households were more likely to have checking accounts than Whites, though only the results for Chinese and Asian Indian households were statistically significant.

Most groups were less likely to have savings accounts than checking accounts. Chinese (93.8 percent), Vietnamese (88.7 percent), and White (83.7 percent) households had the highest shares of savings account ownership. US Black (64.6 percent), Latino (69.3 percent), and Asian Indian (50.9 percent) respondents had significantly smaller shares of households with savings accounts than Whites.

TABLE 3

Shares of White and Non-White Households Owning Liquid Assets, a Checking Account, or a Savings Account

	Liquid Assets		Checking Account		Savings Account	
	%	Difference from Whites (% pts)	%	Difference from Whites (% pts)	%	Difference from Whites (% pts)
White	97.0		91.8		83.7	
Black, US	79.2	-17.8***	67.7	-24.1***	64.6	-19.1***
Black, African	78.5	-18.5***	85.3	-6.5	73.4	-10.3
Latino	86.0	-11.0***	86.9	-4.9	69.3	-14.5**
Chinese	99.9	3.0***	99.9	8.2***	93.8	10.0
Korean	94.8	-2.3	94.8	3.0	66.5	-17.2
Vietnamese	99.2	2.2	95.0	3.2	88.7	5.0
Asian Indian	99.99	3.0	97.2	5.4*	50.9	-32.9**

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
Note: All Asian Indians in this sample reported owning liquid assets.
*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

OTHER FINANCIAL ASSETS

All non-White groups in the NASCC sample reported lower shares of households that own other financial assets, such as stocks, bonds, and mutual funds. This suggests that most families lack nonhousing long-term investment resources that provide economic security.

Stocks, Mutual Funds, and Investment Trusts

While 52.8 percent of White households owned stocks, only 18.6 percent of US Black, 14.6 percent of African Black, and 25.9 percent of Latino households owned stocks. Asian households were also less likely than White households to own stocks, though the differences were not statistically significant. Less than 44 percent of Chinese households, 46 percent of Korean households, 47 percent of Vietnamese households, and 36 percent of Asian Indian households reported owning stocks.

RETIREMENT FUNDS

For most groups in the District, the share of households owning individual retirement accounts or private annuities was larger than the share owning stocks. Korean (77.1 percent), Asian Indian (66 percent), White (64.2 percent), and Chinese (62.4 percent) households had the highest ownership rates. US Black households (26.4 percent), African Black households (28.6 percent), and Latino households (20.3 percent) had significantly lower rates of ownership than other groups. These results are consistent with other studies reporting that most Americans rely exclusively on Social Security and do not have adequate savings to support themselves during retirement.[65] This precarious retirement position is particularly pronounced among US Black, recent African descendants, Latino, and Vietnamese households.

TABLE 4

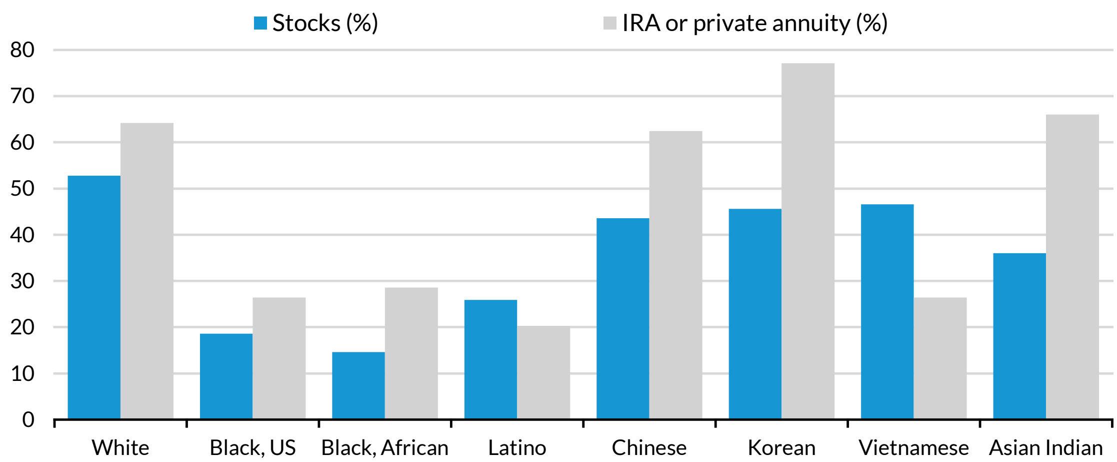
Shares of White and Non-White Households Owning Stocks, an Individual Retirement Account (IRA), or a Private Annuity

	Stocks		IRA or Private Annuity	
	%	Difference from Whites (% pts)	%	Difference from Whites (% pts)
White	52.8		64.2	
Black, US	18.6	-34.2***	26.4	-37.8***
Black, African	14.6	-38.1***	28.6	-35.6***
Latino	25.9	-26.9***	20.3	-44.0***
Chinese	43.6	-9.1	62.4	-1.8
Korean	45.6	-7.2	77.1	12.9
Vietnamese	46.6	-6.1	26.4	-37.8***
Asian Indian	36.0	-16.8	66.0	1.8

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

FIGURE 3

Shares of White and Non-White Households Owning Stocks, an Individual Retirement Account (IRA), or a Private Annuity



Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.

Unsecured Debt

Unsecured debt is debt not backed by an underlying asset and includes credit card debt, student loans, and medical debt.

CREDIT CARD DEBT

Credit card debt is often considered less "healthy" debt because it is associated with purchasing depreciating consumption goods rather than an appreciating investment activity. Nevertheless, lower income and unstable employment hours have increased the need for many households to access short-term credit to address budgetary shortfalls. US Black (52.9 percent), African Black (45.6 percent), and Korean (46.8 percent) households were more likely than White households (37.7 percent) to hold credit card debt (table 5). Asian Indian households (8.5 percent) had significantly lower shares than other groups, while Chinese (19.8 percent) and Vietnamese (22.8 percent) households had lower shares than White households, although the difference was not statistically significant.

STUDENT LOANS

Since 2008, student loan debt nationwide has increased 84 percent to $1.1 trillion (Federal Reserve Bank of New York 2014). Given the relatively lower household incomes among non-Whites, student loan debt may be more relevant for non-White students than for their White peers. Studies indicate that Black and Latino students have substantially more debt than their White peers upon graduation (Baum and Steele 2010).

TABLE 5

Share of Households with Various Debt Types

	Credit Card		Student Loan		Medical Debt	
	%	Difference from Whites (% pts)	%	Difference from Whites (% pts)	%	Difference from Whites (% pts)
White	37.7		19.4		5.2	
Black, US	52.9	15.2**	29.3	9.9*	8.8	3.6
Black, African	45.6	7.8	55.0	35.5***	7.9	2.7
Latino	50.1	12.3	16.1	-3.4	7.4	2.2
Chinese	19.8	-17.9	3.1	-16.3**	0.001	-5.2***
Korean	46.8	9.1	3.3	-16.1***	3.0	-2.2
Vietnamese	22.8	-15.0	5.5	-13.9*	0.001	-5.2
Asian Indian	8.5	-29.2***	13.7	-5.7	0.001	-5.2

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.

Note: Values of 0.001 were given to racial subgroups when zero respondents reported medical debt, except the Chinese group for whom one respondent reported medical debt.

*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

In the NASCC's Washington, DC, sample, only 19.4 percent of White, 3.1 percent of Chinese, 3.3 percent of Korean, 5.5 percent of Vietnamese, and 13.7 percent of Asian Indian households had student loan debt (table 5). In contrast, 29.3 percent of US Black and 55.0 percent of African Black households had student loan debt. Latino households (16.1 percent) were slightly less likely than White households to have student debt, though the shares were not statistically significantly different.

MEDICAL DEBT

Chinese, Vietnamese, and Asian Indian households in the NASCC sample did not report any medical debt.[66] Asian groups were less likely than White households (5.2 percent) to have medical debt. In contrast, 8.8 percent of US Black households reported medical debt, as did 7.9 percent of African Black and 7.4 percent of Latino households. Studies show that Black and Latino households are least likely to have health insurance (Brown and Patten 2014), which may explain their higher rate of medical debt.

Tangible Assets and Secured Debt

Tangible assets are assets that provide direct consumption value and include homes, vehicles, and other property owned by households.

HOMEOWNERSHIP

We begin by using US census data to compare homeownership rates in the Washington, DC, metropolitan statistical area (MSA) with other MSAs throughout the United States before, during, and after the Great Recession. Black residents in DC stand out as having higher homeownership rates than Black Americans living elsewhere (table 6). Whites also have higher homeownership rates, but the difference from Whites nationally is smaller. The Black homeownership rate stabilized, at a lower rate than the White rate, from 2010 to 2014 in DC, despite falling Black rates across the United States.[67]

TABLE 6

Homeownership Rates by Race and Ethnicity, DC and US MSAs (%)

	Prerecession, 2006		Recession, 2010		Recovery, 2014	
	DC MSA	US MSAs	DC MSA	US MSAs	DC MSA	US MSAs
White (non-Latino)	83.0	78.6	80.8	76.4	79.9	74.9
Latino	61.5	51.6	62.7	48.6	54.7	46.4
Black	62.3	48.5	59.1	45.6	60.0	44.1
Asian	76.6	65.9	75.1	63.9	76.5	61.9

Source: US Census Bureau, American Community Survey, one-year estimates.
Note: Table excludes groups of two or more races.

Next, we use NASCC data to present homeownership and mortgage debt information based on more detailed race and ethnic categories.[68] Homeownership rates vary widely by race and ethnicity in Washington, DC. Seventy-eight percent of White households owned their homes. Chinese (90.6 percent) and Vietnamese (94.0 percent) households were the only groups to enjoy higher homeownership rates than Whites. Black and Latino households had the lowest homeownership rates. Only 58.4 percent of US Black, 46.1 percent of African Black, and 49.7 percent of Latino households reported owning a home. Korean (65.0 percent) and Asian Indian (65.5 percent) households also had lower homeownership rates than White households.

Among homeowners, White (73.6 percent), Korean (73.1 percent), and Vietnamese (73.5 percent) households were least likely to have mortgage debt. Chinese (96.6 percent) and Asian Indian (89.9 percent) households were the most likely to have mortgage debt. US Black (82.4 percent), African Black (88.1 percent), and Latino (88.5 percent) households were more likely than White homeowners to have mortgages, though only the Latino household percentage was a statistically significant difference from Whites.

TABLE 7

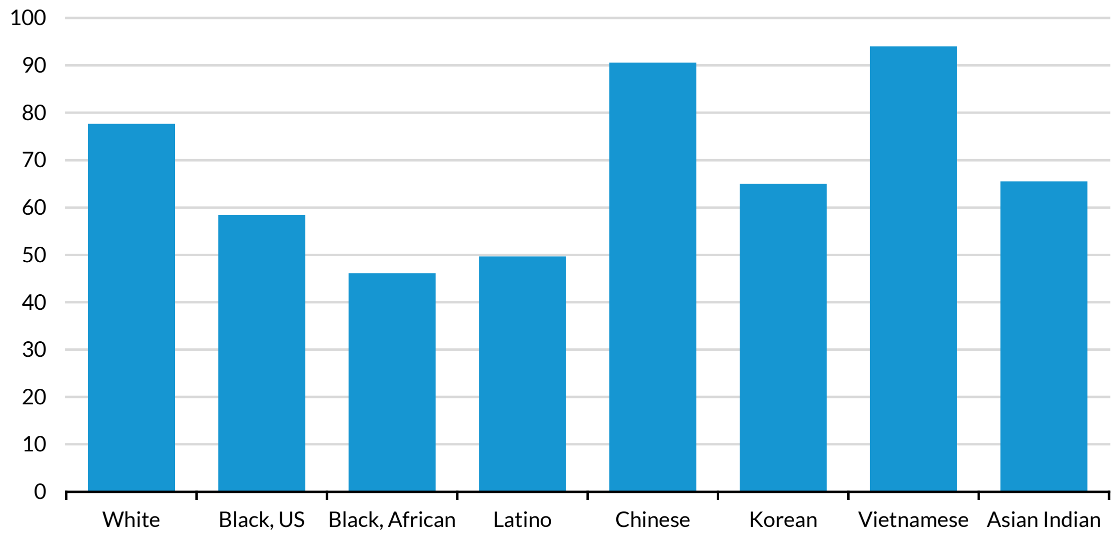
Shares of Households That Own Homes or Have Mortgage Debt

	Homeownership		Mortgage Debt			
	%	Difference from Whites (% pts)	Among all households (%)	Difference from Whites (% pts)	Among homeowners (%)	Difference from Whites (% pts)
White	77.7		57.1		73.6	
Black, US	58.4	-19.3***	48.1	-9.1	82.4	8.8
Black, African	46.1	-31.6***	40.6	-16.6*	88.1	14.5
Latino	49.7	-27.9***	44	-13.1*	88.5	14.9
Chinese	90.6	12.9	87.5	30.3**	96.6	23***
Korean	65.0	-12.6	47.5	-9.6	73.1	-0.5
Vietnamese	94.0	16.3	69	11.9	73.5	-0.1
Asian Indian	65.5	-12.2	58.9	1.8	89.9	16.4

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

FIGURE 4

Homeownership Rate by Race



Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.

For homeowners, home value composes a significant share of total assets. Table 8 displays median home values and median total assets (minus money owed on those assets) held by homeowners by racial subgroup. While Asian groups had higher home values than White households, the differences were not statically significant. US Black and African Black households owned homes that were 67 percent and 72 percent of the median value of homes owned by Whites, while Latinos owned homes with a 7 percent higher median value.

Similar patterns emerge when examining asset totals among homeowners. Asian and White households have statistically similar median total asset values, except for Asian Indian households, whose asset values are approximately 84 percent higher than that of Whites. US Black households possess assets with a median value 39 percent of that held by White households. African Black homeowners hold only 8 percent of the median asset value White homeowners enjoy.

TABLE 8

Comparison of White and Non-White Homeowner Household Median Home Value and Total Assets

	Home Value		Total Assets	
	Median amount (dollars)	Percentage of White household home value	Median amount (dollars)	Percentage of White household total assets
White	375,000		490,000	
Black, US	250,000	67***	190,000	39***
Black, African	270,000	72***	41,000	8*
Latino	400,000	107***	155,500	32
Chinese	400,000	107	467,000	95
Korean	400,000	107	496,000	101
Vietnamese	415,000	111	431,000	88
Asian Indian	600,000	160	903,000	184**

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

Vehicles

Car ownership was high among all groups in Washington, DC. US Black households had the lowest rate of car ownership (78.0 percent) while all other groups had car ownership rates above 90 percent (table 9). Car ownership was nearly universal among Chinese, Vietnamese, Korean, and Asian Indian households.

When examining households that own vehicles, 32.8 percent of White households had vehicle debt. African Black (29.2 percent) and Korean (32.2 percent) households were slightly less likely than Whites to hold vehicle debt, but these differences were not statistically significant. Groups with statistically significant lower shares of vehicle debt included Chinese (7.3 percent) and Asian Indian (16.4 percent) households. Only US Black (47.3 percent) households were more likely to have vehicle debt at a rate statistically significantly different from White households. Latinos (37.1 percent) and Vietnamese (54.9 percent) also had higher shares of vehicle-owning households with debt, but these did not differ significantly from the White shares.

TABLE 9

Shares of White and Non-White Households That Own Vehicles and Have Vehicle Debt

	Vehicle Ownership		Vehicle Debt			
	%	Difference from Whites (% pts)	Among all households (%)	Difference from Whites (% pts)	Among households that own vehicles (%)	Difference from Whites (% pts)
White	94.6		31		32.8	
Black, US	78.0	-16.6***	36.9	5.9***	47.3	14.5***
Black, African	90.3	-4.4	26.8	-4.2	29.2	-3.6
Latino	92.8	-1.9	34.4	3.5	37.1	4.4
Chinese	99.99	5.4	7.3	-23.7**	7.3	-25.5**
Korean	98.3	3.7	32.2	1.2	32.2	-0.6
Vietnamese	99.2	4.6	54.5	23.5*	54.9	22.2
Asian Indian	97.4	2.7	15.9	-15.0**	16.4	-16.4**

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
Note: All Chinese respondents in this sample reported owning a vehicle.
*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

Asset, Debt, and Net Worth Values

ASSET VALUES

Median values for liquid and total assets are displayed in table 10 and figure 5. Vietnamese ($75,000) and White ($65,000) households had the highest median value of liquid assets. All other groups had median values less than half that of Whites. Chinese ($30,000) and Korean ($32,000) households had liquid asset median values approximately half that of White households, while Asian Indian household liquid asset values where just over one-third that of Whites. The median value was only $5,000 for US Black households, $2,100 for African Black households, and $2,700 for Latinos. This indicates large variations in access to resources that can readily be converted to cash to deal with household budgetary shortfalls or financial emergencies.

TABLE 10

Comparison of Asset Values Held by White and Non-White households

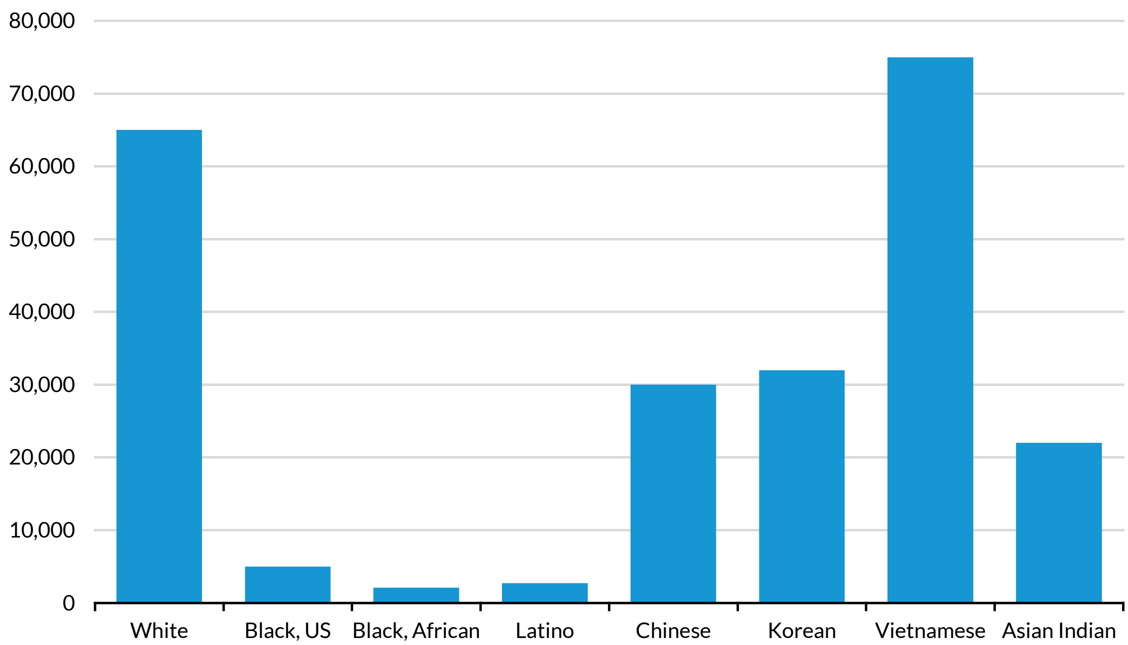
	Liquid Assets		Total Assets	
	Median amount (dollars)	Percentage of White household amount	Median amount (dollars)	Percentage of White household amount
White	65,000	100	302,000	100
Black, US	5,000	8**	22,000	7
Black, African	2,100	3**	7,000	2
Latino	2,700	4	17,500	6
Chinese	30,000	46	220,000	73
Korean	32,000	49	496,000	164**
Vietnamese	75,000	115***	431,000	143**
Asian Indian	22,000	34	573,000	190

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
/* Difference between the percentages of non-White households and White households is statistically significant at the 95%/99% level.

FIGURE 5

Comparison of Asset Values Held by White and Non-White households

Median liquid assets (dollars)



Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.

Accounting for all asset categories, Korean, Vietnamese, and Asian Indian households have the highest median values. Median total asset values for Koreans ($496,000), Vietnamese ($431,000), and Asian Indians ($573,000) were higher than values for Whites ($302,000). US Black ($22,000), African Black ($7,000), and Latino ($17,500) household median asset values were much lower than for other groups, though the differences were not statistically significant.[69]

DEBT VALUES

Reported amounts of nonhousing debt in the NASCC differ by race and ethnicity. Median debt values were zero for all Asian households (table 11). White households had a median debt value of $700, which was statistically similar to the median values for Latino ($2,000) and African Black ($6,000) households. US Black households ($6,000) were the only group whose nonhousing debt was statistically significantly different from White households. The magnitude of asset differences across racial and ethnic groups is much larger than differences in debt. For instance, the median White household in the District is estimated to have $280,000 ($302,000 versus $22,000) more in assets than US Black households, whereas the median debt difference between these two groups amounts to $5,300 ($6,000 versus $700).

TABLE 11

Comparison of Median Nonhousing Debt for White and Non-White Households

	Median amount (dollars)
White	700
Black, US	6,000*
Black, African	6,000
Latino	2,000
Chinese	0
Korean	0
Vietnamese	0
Asian Indian	0

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
* Difference between the percentages of non-White households and White households is statistically significant at the 90% level.

NET WORTH

Net worth (or wealth) is the sum of all assets less the value of all debts. It offers a snapshot of economic well-being of Washington, DC, households by race and ethnicity. Median wealth for White households is statistically greater than that of Black and Latino households (table 12 and figure 6). White households in the sample had a median wealth of $284,000 compared with only $13,000 for Latino, $3,500 for US Black, and $3,000 for African Black households. Chinese households had slightly less wealth than White households, though the difference was not statistically significant. Likewise, Korean ($496,000), Vietnamese ($423,000), and Asian Indian ($573,000) households reported the highest amounts of median wealth, though they were not statistically different from that of White households.

TABLE 12

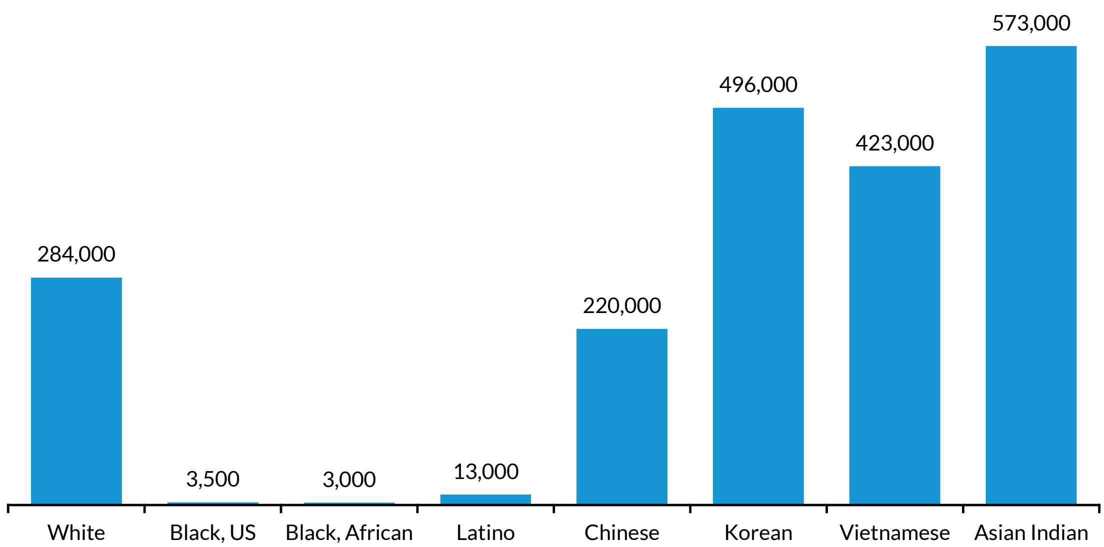
Comparison of White and Non-White Household Median Net Worth

	Amount (dollars)	Percentage of White household net worth
White	284,000	100
Black, US	3,500	1***
Black, African	3,000	1***
Latino	13,000	5***
Chinese	220,000	77
Korean	496,000	175
Vietnamese	423,000	149
Asian Indian	573,000	202

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
*** Difference between the percentages of non-White households and White households is statistically significant at the 99% level.

FIGURE 6

Comparison of White and Non-White Household Median Net Worth (dollars)



Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.

Standard economic life cycle savings theory predicts that individuals and households attempt to smooth their consumption across their life course by borrowing more at younger ages. As their earning capacities increase with age and labor market experience, so will their savings capacity and total savings, until they approach retirement, when savings begin to fall. Likewise, the theory predicts that household wealth should rise with age. Uncaptured in the life cycle savings theory are access to earnings-generating mechanisms (e.g., jobs), savings-generating mechanisms (e.g., banking products and homes in high-asset-appreciating neighborhoods), and differences in inheritance and other intrafamilial transfers that offer recipients "seed capital" to purchase an asset that might appreciate over time.[70]

Table 13 displays racial differences in wealth by two age categories (31 to 50 and 51 to 65) to compare household wealth accumulation at two ranges in the life cycle. Because of the small sample size, it was not possible to parse the data by all the racial and ethnic subgroups specified earlier; only results for White, Black, Latino, and Asian households are presented. Younger Black household heads reported zero net worth, and Latino households reported net worth of only $6,500, while White households reported a net worth of approximately $221,000. The homeownership rate for younger White households was 71.4 percent; younger Black (52.8 percent) and Latino (38.9 percent) households were less likely than younger White households to be homeowners. Black household heads also were less likely than White household heads to hold a bank account or own a vehicle. Surprisingly, younger Asian households had greater wealth ($412,000) than older Asian households ($185,000). Median net worth for younger Asian households also was significantly greater than that of young White households.

Consistent with prior research, we found that racial wealth disparities increase with age.[71] Older White households reported a net worth of $516,000, which is 129 times greater than the wealth reported by Black and Latino households. While older Black households had higher wealth levels than younger ones, older Latinos in the sample had lower wealth levels than younger households. Black and Latino households ages 51 to 65 were less likely than White households to own a home or vehicle. These groups also had lower percentages of banked households compared with White households, though only the percentage for Black households was statistically significantly different from White households.

TABLE 13

Comparison of Banked Households, Homeownership, and Vehicle Ownership Rates, and Median Net Worth Values for White and Non-White Households' Age Group

	Ages 31 to 50			
	White	**Black**	**Latino**	**Asian**
Percentage of banked households	91.7	77.2**	91.51	93.3
Homeownership rate (%)	71.4	52.8*	38.9**	85.9
Vehicle ownership rate (%)	95.5	83.0**	99.9	98.9
Median net worth (dollars)	221,000	0***	6,500***	412,000*
N	59	74	27	68

	Ages 51 to 65			
	White	**Black**	**Latino**	**Asian**
Percentage of banked households	91.4	78.9*	79.2	97.0
Homeownership rate (%)	91.8	56.3***	59.1***	82.1
Vehicle ownership rate (%)	95.9	81.2**	79.9**	99.9
Median net worth (dollars)	516,000	4,000***	4,000**	185,000
N	53	62	27	38

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
Note: Based on the 27 observations in this sample, all younger Latino households owned vehicles. For the 46 observations of younger Black household, median net worth was zero. All Asians ages 51 to 65 owned vehicles in this sample of 38 observations.
*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

Table 14 examines how closely educational attainment for the responding household member is related to racial differences in net worth in NASCC-Washington, DC (see Hamilton et al. 2015 for an examination of the dual roles between educational attainment and wealth accumulation). The table presents median wealth for each racial group by education level. Because of the sample size limitation, we present results for broadly defined groups. The analysis shows that significant racial disparities persist even within comparable levels of educational attainment.

Less-educated Black and Latino household heads have significantly lower median household wealth than similarly educated White household heads. Black household heads with a high school diploma or GED reported zero net wealth, while Latinos report only 2 percent of the wealth of Whites with a similar level of education. Among less-educated households, racial wealth disparities are largely accounted for by the much higher homeownership rates among less-educated White households (81 percent for Whites, 46 percent for Black people, and 22 percent for Latinos). Nonetheless, data shown in table 9 suggests that higher education does not reduce the racial wealth gap for all groups. For example, Black household heads with bachelor's degrees reported a median net worth of negative $19,000, markedly below the net worth of White household heads with a high school diploma or GED. This may be driven in part by a greater likelihood of having student loans, and may also be indicative of racial difference in labor market opportunity for college graduates. Only 32 percent of Whites with a bachelor's degree held student debt compared with 63 percent of Black people.[72]

Moreover, the typical Black household in which the head had a graduate degree had less than half the net worth of White households in which the head attained only a high school degree. Latino household heads with bachelor's degrees only held 27 percent of the wealth held by Whites with similar education levels, while Asians with bachelor's degrees had more than double the wealth of Whites. Latinos (19 percent) and Asians (8 percent) had the lowest shares of households with student debt, and these differences were statistically significant compared with Whites. Among graduate degree holders, Black household heads possessed 35 percent of the wealth held by White household heads. However, Latino and Asian household heads with graduate degrees have similar levels of wealth as Whites (119 percent and 98 percent, respectively).

TABLE 14

Median Net Worth by Educational Attainment

	High school diploma or less	Bachelor's degree	Graduate degree
White	265,000	258,000	372,000
Black	0**	-19,000**	130,000
Latino	5,500**	53,000	443,000
Asian	--	705,000	366,000
N	52	97	129

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
Notes: The education categories are mutually exclusive, but respondents who earned a trade school or vocational certificate, community college or associate's degree, or other similar credential were excluded because the sample size is too small for inclusion. Values for Asian respondents were omitted from the "high school diploma or less" category because there were only nine observations in the category.
** Difference between the percentages of non-White households and White households is statistically significant at the 95% level.

TABLE 15

Assets by Educational Attainment

	High School Diploma or Less			
	White	**Black**	**Latino**	**Asian**
Percentage of banked households	77.9	57.2	87.1	--
Homeownership rate (%)	80.6	46.2**	21.5***	--
Vehicle ownership rate (%)	94.4	69.9**	0.9	--
N	23	56	15	--

	Bachelor's Degree or Higher			
	White	**Black**	**Latino**	**Asian**
Percentage of banked households	94.1	83.3**	93.7	97.6*
Homeownership rate (%)	76.3	61.4**	65.7	77.1
Vehicle ownership rate (%)	94.2	86.0*	94.5	98.5
N	118	101	37	128

Source: Authors' calculations based on NASCC survey data.
Note: Only nine Asian respondents reported earning a high school diploma or less, so they were excluded from that analysis.
*/**/*** Difference between the percentages of non-White households and White households is statistically significant at the 90%/95%/99% level.

Business Ownership, Occupational Sorting, and Employment

BUSINESS OWNERSHIP

Business ownership patterns explain some differences in wealth across racial groups. *The Color of Wealth in Los Angeles* report found significant differences in business ownership rates among racial and ethnic groups consistent with the broader racial wealth gaps in Los Angeles (De La Cruz-Viesca et al. 2016). Table 16 reveals more racial parity in business ownership rates among respondents in Washington, DC. None of the differences in business ownership are statistically significant.

This result may be driven by the presence of a large federal government and a local district government whose membership and constituents have been largely Black, coupled with government policies designed to increase contracting opportunities for minority-owned businesses. Chatterji, Chay, and Fairlie (2013) examined the relationship between programs targeting minority-owned businesses for government contracts in 25 US cities, and self-employment rates of US Black men. They found that these programs significantly increased Black business ownership rates and decreased the Black-White differences in self-employment rates.

TABLE 16

Share of White and Non-White Households That Own Business Assets

	%	Difference from White households (% pts)
White	9.1	
Black, US	9.0	-0.1
Black, African	10.0	1.0
Latino	13.0	3.9
Chinese	6.2	-2.8
Korean	10.0	1.0
Vietnamese	5.1	-4.0
Asian Indian	5.1	-4.0

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
No differences between the percentages of non-White households and White households are statistically significant at the 90%/95%/99% level.

Next, we turn to data from the US Census Bureau's 2012 Survey of Business Owners to compare business ownership and sales receipts by race and ethnicity both within Washington, DC, and across the nation. Table 17 is presented in two panels; the first examines business ownership and sales by race (i.e., White, Black, and Asian, all inclusive of Latinos) while the second panel compares across ethnicity (i.e., non-Latinos relative to Latinos, including all races). Fifty-two percent of DC firms are White owned, which is substantially less than their 78 percent share across the nation. In contrast, firms classified as Black owned only account for 9 percent of all firms nationally, while in DC, they make up 35 percent of all firms. Asian-owned firms make up 6 percent of DC and 7 percent of US firms, while Latino-owned firms make up 7 and 12 percent.

TABLE 17

Business Ownership and Sales by Race and Ethnicity

	Washington, DC		US	
	Percentage of all firms	Percentage of sales for non–publicly traded firms	Percentage of all firms	Percentage of sales for non–publicly traded firms
Race				
White	52	82	78	93
Black	35	9	9	1
Asian	6	8	7	6
Ethnicity				
Non-Latino	87	96	86	96
Latino	7	4	12	4

Source: Authors' calculations based on US Census Bureau, Survey of Business Owners, 2012.

The next columns in the table present the share of sales receipts by race and ethnicity across private firms whose ownership is designated by race or ethnicity. Racial disparity in business receipts is much more pronounced than when simply examining firm ownership shares. In 2012 shares of private firm business receipts, Black-owned firms held about 9 and 1 percent in DC and the entire United States, respectively. Comparable shares for White-owned firms were 82 and 93 percent, respectively.

To better understand business receipt shares across race, population share should be considered as well. We use data from 2012, the most recent publicly available release of the survey of business ownership, which differs from the 2014 population numbers we use. Table 1 and figure 2 indicated that in 2014, Black people made up about 48 percent of DC residents and 14 percent of US residents, while White people made up about 36 percent of DC residents and 67 percent of US residents. In DC, the ratio of the share of black-owned firm sales receipts to the Black resident population shares is 0.63 (9/14.4). This ratio suggests that relative to estimates of their population share, the sales receipts accruing to Black-owned firms in the District are about 37 percent lower than if business sales were equitably distributed by race across DC residents. The comparable ratio for Whites in DC is 2.30 (82/37), which suggests that White-owned firms in DC receive about 130 percent higher sales receipts than they would if sales receipts were not racially disparate in the nation's capital. Across the United States, the ratio of Black firm sales receipts to Black population shares is 0.07 (1/14.4), while the White ratio is 1.38 (93/67.4). Nationwide, Black-owned firms attain 93 percent lower sales receipts, while White-owned firms attain 38 percent higher sales receipts than if sales receipts were equitably distributed based on race.

Although there is a fairly sizeable share of Black-owned firms in DC, especially relative to Black-owned firms nationwide, the share of business sales receipts going to Black-owned firms in DC and the nation is much lower than for White-owned firms. Comparable statistics for Latinos and Asians reveal that Latinos, business sale receipts in DC and across the United States are lower, while Asian business sales receipts are on par or higher than what would occur if business sales receipt were racially and ethnically equally distributed.

OCCUPATIONAL SORTING AND EMPLOYMENT

This subsection includes US census data to compare racial disparity in unemployment rates within DC and across the United States. Table 18 and figure 7 displays unemployment rates by race across the Washington, DC, central city; the Washington, DC, MSA; and the United States. Large racial disparities exist regardless of region, and they exist within and between regions.

TABLE 18

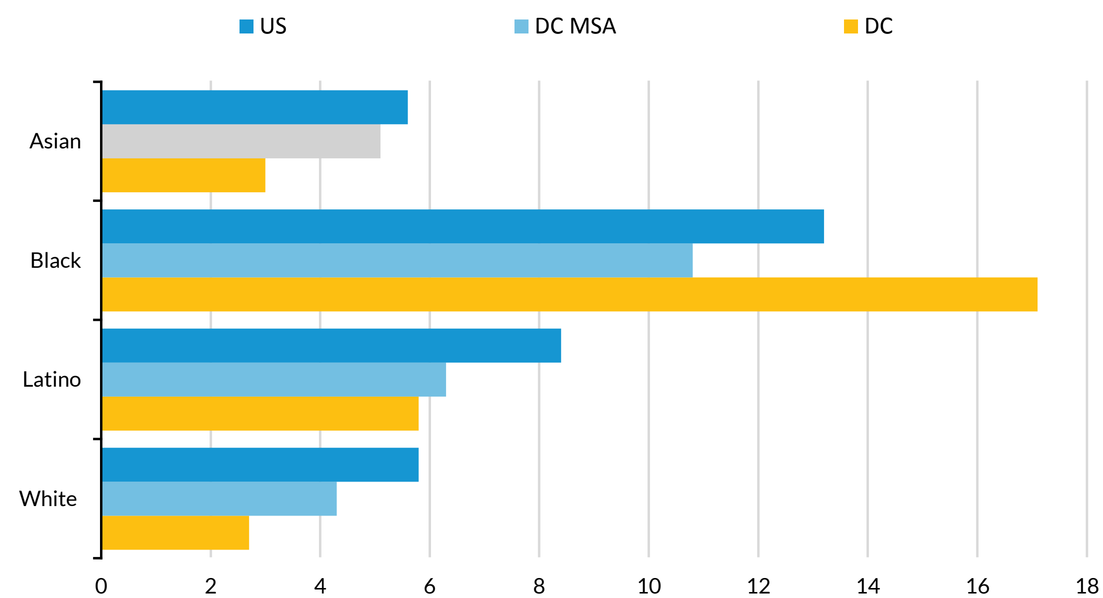
Unemployment Rate by Region, 2014 (%)

	DC	DC MSA	US
White (non-Hispanic)	2.7	4.3	5.8
Latino	5.8	6.3	8.4
Black	17.1	10.8	13.2
Asian	3.0	5.1	5.6
Total labor force	8.9	6.4	7.2

Source: US Census Bureau, American Community Survey, one-year estimates.
Note: Unemployment rate for civilian population in labor force, ages 16 and older.

FIGURE 7

Unemployment Rate by Region, 2014 (%)



Source: Authors' calculations based on US Census Bureau, American Community Survey, one-year estimates.
Notes: Unemployment rate for civilian population in labor force, ages 16 and older. Whites are non-Hispanic. MSA = metropolitan statistical area.

Asians and Whites have lower unemployment rates than Latinos and Black workers in all three regions, and these disparities are particularly pronounced in Washington, DC. The DC unemployment rate (8.9 percent) is higher than the US rate (7.2 percent). However, this difference in the region seems to be largely driven by the limited employment of Black District residents. In fact, the White unemployment rate in the District (2.7 percent) is lower than the US White rate (5.7 percent). The Black national unemployment rate of 13.2 percent is more than double the White rate, but their rate in DC (17.1 percent) is more than six times higher than the White rate in DC. Though the 10.8 percent unemployment rate for Black people across the DC metropolitan area is substantially less than their central city rate, it is still more than double the White rate of 4.3 percent across the DC MSA. The substantially lower unemployment rate for Black people in the DC MSA region compared with the central city suggests that Black people living in the outer rings of the city are better off economically than those in the central city, perhaps indicating Black migration to the suburbs for economically better positioned Black households.

Table 19 examines employment by self-employment, private sector, and public sector using NASCC data. Researchers do not agree about whether non-White workers are pushed into self-employment because of labor market discrimination or because of ethnic enclave sorting. Many immigrant entrepreneurs face language and other barriers to employment in cities and turn to self-employment as their best alternative to low-paying, unstable employment in the secondary sector (Bogan and Darity 2008). In other cases, agglomeration economies emerge in areas where ethnic groups co-locate, creating incentive structures for immigrants to enter self-employment.

TABLE 19

White and Non-White Households' Occupation Type

	Self-Employed		Private Sector		Public Sector	
	%	Difference from White households (% pts)	%	Difference from White households (% pts)	%	Difference from White households (% pts)
White	9.0		49.3		37.3	
Black, US	6.3	-2.6	43.4	-5.9	50.1	12.8
African	2.3	-6.6	69.8	20.5	0.0	-37.3
Latino	19.7	10.7	54.0	4.7	43.8	6.5
Chinese	4.2	-4.8	66.6	17.3	33.4	-3.9
Korean	19.1	10.2	72.3	22.9	27.7	-9.6
Vietnamese	2.1	-6.9**	44.1	-5.3	55.9	18.7
Asian Indian	41.9	32.9**	71.8	22.5	20.6	-16.7

Source: Authors' calculations based on National Asset Scorecard for Communities of Color survey data.
** Difference between the percentages of non-White households and White households is statistically significant at the 95% level.

Latino (19.7 percent), Korean (19.1 percent), and Asian Indian (41.9 percent) household heads were each more likely than White household heads to enter self-employment. In contrast, US Black (6.3 percent), African Black (2.3 percent), Chinese (4.2 percent), and Vietnamese (2.1 percent) household heads were less likely to be self-employed. Most ethnic groups were more likely than Whites to work in the private sector, the exception being US Black household heads, who were 5.9 percentage points less likely to enter private-sector employment. US Black household heads were, however, more likely to enter public-sector employment (12.8 percentage points) than Whites. Latino and Vietnamese respondents were also more likely than Whites to hold public-sector employment (6.5 percent and 18.7 percent, respectively), but none of these differences were statistically significant.

Table 20 uses census data to analyze occupational type by race, comparing the DC MSA with the United States. The DC MSA is known for its high level of public-sector employment. All racial groups are more likely to engage in public employment in DC, especially federal employment, than in the rest of the country. Nonprofit employment is more likely across all groups in the DC MSA. Private employment is lower for each racial group compared with the rest of the country. Estimates of self-employment by racial group are mixed with Whites participating at similar levels (9.0 versus 9.5 percent), but Latinos reporting much higher shares of self-employment in the NASCC survey than in the census (19.7 versus 6.5 percent). Measures of private-sector employment, the largest employment category, show 49.3 percent of White households employed in the private sector according to NASCC compared with 51.2 percent in the census.

TABLE 20

Share of Occupation Type by Race, DC MSA and United States, 2014 (%)

	DC MSA Employment					
	Self	Private Sector	Public Sector			Nonprofit
			Federal	State	Local	
White (non-Hispanic)	9.5	51.2	17.0	2.4	8.3	11.7
Latino	6.5	67.4	13.5	1.1	4.4	7.2
Black	5.2	55.6	16.9	3.5	8.2	10.6
Asian	10.7	61.4	12.7	2.1	4.4	8.8

	US Employment					
	Self	Private Sector	Public Sector			Nonprofit
			Federal	State	Local	
White (non-Hispanic)	11.5	67.3	3.1	5.1	7.6	9.0
Latino	8.0	75.7	2.4	3.5	5.9	5.2
Black	4.9	60.7	4.9	6.0	8.1	8.0
Asian	9.9	70.5	3.5	4.8	4.9	8.1

Source: Authors' calculations based on US Census Bureau, American Community Survey, one-year estimates.

4. Conclusion

Black people in the Washington, DC, metropolitan area are located at the bottom of the racial wealth hierarchy. There is a tendency to attribute the racial wealth gap to individual character flaws among people without wealth. This report provides an extensive history of the structural barriers in local and national policies, Supreme Court rulings, programs, and practices that created wealth for many White families and prevented wealth accumulation or stripped wealth from many Black families. These barriers include the following:

- Government policies that supported the bondage and sale of people of African descent for the enrichment of White people
- Taking the wealth of Black people who bought their freedom
- Disenfranchisement of District residents, which prevented them from ending the enslavement of Black people earlier
- Failure to fully implement Reconstruction and provide land to Black people who had been held in bondage
- Violent attacks on Black people and communities by White people, destroying individual and community assets
- Laws, such as the California Preemptive Act of 1853, that enabled White men to strip Native Americans of their land, resources, and lives, and use wealth from those sources to purchase and develop land in the District, creating more wealth for themselves
- Outlawing lucrative forms of entrepreneurship and skilled private-sector jobs for Black people, and severely restricting employment by Black people in government jobs
- Requiring free and refugee Black people to pay a tax to support Black people who could not work, rather than taxing all people
- Requiring free Black people to pay taxes, but forbidding them to attend public schools, causing them to pay again to build and be educated in private schools
- Preventing Black people from attending White colleges and universities, such as Georgetown, even though this university prospered from the bondage and sale of Black families

- Using restrictive racial covenants to prevent Black people from buying White-owned houses
- Using redlining to limit loans to Black and mixed-race communities
- Demolishing Black neighborhoods for urban renewal without providing sufficient alternative housing
- Destroying self-sufficient Black neighborhoods by routing highways and on and off ramps through them
- Targeting Black people and their neighborhoods with subprime loans, further stripping them of wealth and their homes

Any assertion that the racial wealth gap can be eliminated with behavioral changes on the part of Black people, rather than addressing structural racism, is fundamentally flawed.

Notes

1. “A history of change,” Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.
2. “Washington, DC, History FAQ,” Historical Society of Washington, DC, accessed October 27, 2016, http://www.dchistory.org/publications/dc-history-faq/.
3. From 1776 to 1800, Congress met in New York City; Princeton, New Jersey; Annapolis, Maryland; Trenton, New Jersey; and Philadelphia.
4. “Black” refers to free people of African descent and people of African descent who were enslaved. “Slave” is only used in quotes, because it does not acknowledge the humanity of the people referenced.
5. “A history of change,” Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.
6. “Quick Facts: District of Columbia,” US Census Bureau, accessed October 18, 2016, http://www.census.gov/quickfacts/table/PST045215/11.
7. “A history of change,” Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.
8. Ibid.
9. The District of Columbia initially consisted of Washington City, Washington County, Georgetown, Alexandria City, and Alexandria County (Dickey 2014). The land provided by Virginia was returned in 1846. In 1871, Washington City, Washington County, and Georgetown were combined.
10. Eight presidents enslaved Black people while they were in office: Washington, Jefferson, Madison, Monroe, Jackson, Tyler, Polk, and Taylor. Presidents Van Buren, Harrison, Johnson, and Grant also held Black people who were enslaved, but not while in office. See Brooks Jackson, “Presidents Who Owned Slaves,” FactCheck.org, December 18, 2007, http://www.factcheck.org/2007/12/presidents-who-owned-slaves/; “Which US Presidents Owned Slaves,” Zoho Sites, accessed October 18, 2016, http://pres-slaves.zohosites.com/.
11. “A history of change,” Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.
12. “Cession and Retrocession of the District of Columbia,” Virginia Places, accessed October 18, 2016, http://www.virginiaplaces.org/boundaries/retrocession.html.
13. “The Drama of the Civil War at the Patent Office,” Streets of Washington, accessed October 18, 2016, http://www.streetsofwashington.com/2015/06/the-drama-of-civil-war-at-patent-office.html.
14. “A history of change,” Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.
15. “US, Freedmen Bureau Records of Field Offices, 1863–1878,” Ancestry.com, accessed October 18, 2016, http://search.ancestry.com/search/db.aspx?dbid=1105.
16. “Barry Farm Site, African American Heritage Trail,” Cultural Tourism DC, accessed October 18, 2016, https://www.culturaltourismdc.org/portal/barry-farm-site-african-american-heritage-trail.
17. “A history of change,” Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.

18. Robert Samuels, "Once home to civil rights pioneer, historic house is now worst on the block in LeDroit," *Washington Post*, February 15, 2014, https://www.washingtonpost.com/local/once-home-to-civil-rights-pioneer-historic-house-is-now-worst-on-the-block-in-ledroit/2014/02/15/83c031ea-8aad-11e3-916e-e01534b1e132_story.html; "Mary Church Terrell," Biography.com, last updated May 26, 2015, http://www.biography.com/people/mary-church-terrell-9504299.
19. Robert Samuels, "Once home to civil rights pioneer, historic house is now worst on the block in LeDroit," *Washington Post*, February 15, 2014, https://www.washingtonpost.com/local/once-home-to-civil-rights-pioneer-historic-house-is-now-worst-on-the-block-in-ledroit/2014/02/15/83c031ea-8aad-11e3-916e-e01534b1e132_story.html.
20. "A history of change," Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.
21. "History," Georgetown University, accessed October 18, 2016, https://www.georgetown.edu/about/history.
22. From 1918 to 1919, there were 10 major race riots, many more clashes, and nearly 100 lynchings of Black Americans. See Krugler (2015).
23. *Crisis*, the NAACP's magazine, documented the lynching of 24 African Americans by 20 lynch mobs from January to May 1919. See Krugler (2015).
24. "Ku Klux Klan Rally," George Mason University, Roy Rosenzweig Center for History and New Media, Histories of the National Mall, accessed October 18, 2016, http://mallhistory.org/items/show/175.
25. "Industrial Bank of Washington, African American Heritage Trail," Cultural Tourism DC, accessed October 18, 2016, https://www.culturaltourismdc.org/portal/industrial-bank-of-washington-african-american-heritage-trail.
26. "Whitelaw Hotel, Washington, DC," National Park Service, accessed October 18, 2016, https://www.nps.gov/history/40th/dc.htm.
27. Howard University Law School graduate Jesse Mitchell reopened the bank in 1924 as the Industrial Bank of Washington. After his death in 1955, his son assumed leadership, and the bank remains a family-owned business. See "Industrial Bank of Washington, African American Heritage Trail," Cultural Tourism DC, accessed October 18, 2016, https://www.culturaltourismdc.org/portal/industrial-bank-of-washington-african-american-heritage-trail.
28. "The New Negro Alliance," BlackPast.org, accessed October 18, 2016, http://www.blackpast.org/aah/new-negro-alliance.
29. New Negro Alliance v. Sanitary Grocery Co., 303 U.S. 552, 553 (1938). http://caselaw.findlaw.com/us-supreme-court/303/552.html.
30. Historian Ira Katznelson (2005) documents how post–Great Depression and World War II New Deal policies accelerated racial disparities and generated an asset-based middle class for Whites overwhelmingly at the exclusion of Black people. Katznelson (2005, 29) states that "in essence, the compromise reached to the core of New Deal. By not including occupations in which African Americans worked, and by organizing racist patterns of administration, New Deal policies for Social Security, social welfare, and labor market programs restricted Black prospects while providing positive economic reinforcement for the great majority of White citizens."
31. "A history of change," Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.
32. "The Meridian Hill Hotel for Women, luxury living for Government Girls," Streets of Washington, accessed October 18, 2016, http://www.streetsofwashington.com/2016/03/the-meridian-hill-hotel-for-women.html.
33. Ibid.

34. “Solomon Lightfoot ‘Elder’ Michaux,” BlackPast.org, accessed October 18, 2016, http://www.blackpast.org/aah/michaux-elder-solomon-lightfoot-c-1885-1968.

35. Exec. Order No. 8802 (1941). https://www.ourdocuments.gov/doc_large_image.php?doc=72;.

36. Exec. Order No. 9981 (1948). https://www.ourdocuments.gov/doc_large_image.php?doc=84;.

37. “A history of change,” Urban Institute, accessed October 18, 2016, http://apps.urban.org/features/OurChangingCity/demographics/#history.

38. The color green was given to neighborhoods rated “A,” which were homogenous and had room for residential growth, blue for “B” neighborhoods that had been completely developed and not in demand by homeseekers who could afford a newer home, and yellow for neighborhoods rated “C,” which were older, lacked restrictions, and had an “infiltration of lower-grade population” (Hillier 2005, 216–17).

39. Homer Hoyt, head of the FHA’s underwriting division, supported ecological theory that neighborhood decline is inevitable. In the process, people with means move away from inner cities toward the suburbs, leaving older, less-desirable housing to Black people and other people of color (Hillier 2005).

40. “Racially restrictive covenants refer to contractual agreements that prohibit the purchase, lease, or occupation of property by a particular group of people, usually African Americans. See “1920s–1948: Racially Restrictive Covenants,” The Fair Housing Center of Greater Boston, accessed October 19, 2016, http://www.bostonfairhousing.org/timeline/1920s1948-Restrictive-Covenants.html.

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60. The information on Native Americans primarily comes from Tulsa, Oklahoma, the urban area with the highest concentration of Native Americans.

61. An advantage of the NASCC data is the plurality of including disaggregated racial and ethnic and racial groups. However, a trade-off for the inclusion of such detailed categories is relatively small sample sizes for some of the groups, which limits our statistical power. Hence, our examination of differences in asset holding across groups are "conservatively" biased against detecting statistical differences, when in fact these differences exists. On the flip-side, when we do detect differences, the results hold despite limited sample sizes.

62. The 2014 population share estimates for the United States are 61.9, 17.3, 12.3, and 5.2 percent for White, Latino, Black, and Asian residents, respectively. Comparing the population estimates for the United States with the MSA population share estimates in Table 1 indicates that Latinos are a lot more likely to reside in rural area relative Whites, Blacks, and Asians.

63. The total sample size in the table sums to only 532, which is 68 respondents less than the total of 600 respondents in the entire NASCC-Washington, DC, dataset. Not included in the table and subsequent analyses are 24 observations where the head identified as multiracial, and a hodgepodge of 44 observations that are "not elsewhere classified" (NEC).

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66. Small sample sizes of Chinese, Vietnamese, and Asian Indian households may explain why did not detect any observations from these groups with medical debt.

67. Examining homeownership as a snapshot over time does not incorporate migration in and out of the regions, or population change more generally.
68. Although similar, there are differences between our estimates of homeownership in the DC metro area using the census and 2014 NASCC data. The NASCC has fewer observations than the census, and the defined categories between tables 7 and 8 differ. For instance, NASCC data indicate that the Korean and Asian Indian homeownership rates are lower than the rate for all Asians in the census data, but the rate for Chinese and Vietnamese Asians in the NASCC sample exceeds that of broadly defined Asians using the census. Further, the NASCC results do not include all Asians (e.g., Filipinos) who reside in the Washington, DC, area.
69. The reverse is true for the relative high-ranking asset positon for Korean and Vietnamese households in NASCC-Washington, DC, compared with NASCC-Los Angeles. In our Los Angeles sample, Koreans and Vietnamese households rank among the lowest asset-value-owning groups. Although still below average, the relative asset value positon of recent African descendant households in NASCC-Los Angeles is much less precarious than respondents in NASCC-Washington, DC.
70. Gittleman and Wolff (2004) find that Black households have a slightly higher savings rate than White households when household income is controlled. See Hamilton and Darity (2010) for a discussion of their "Baby Bonds" proposal aimed at offering every child an account at birth intended to serve as "seed capital" to purchase an asset when they become an adult.
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