

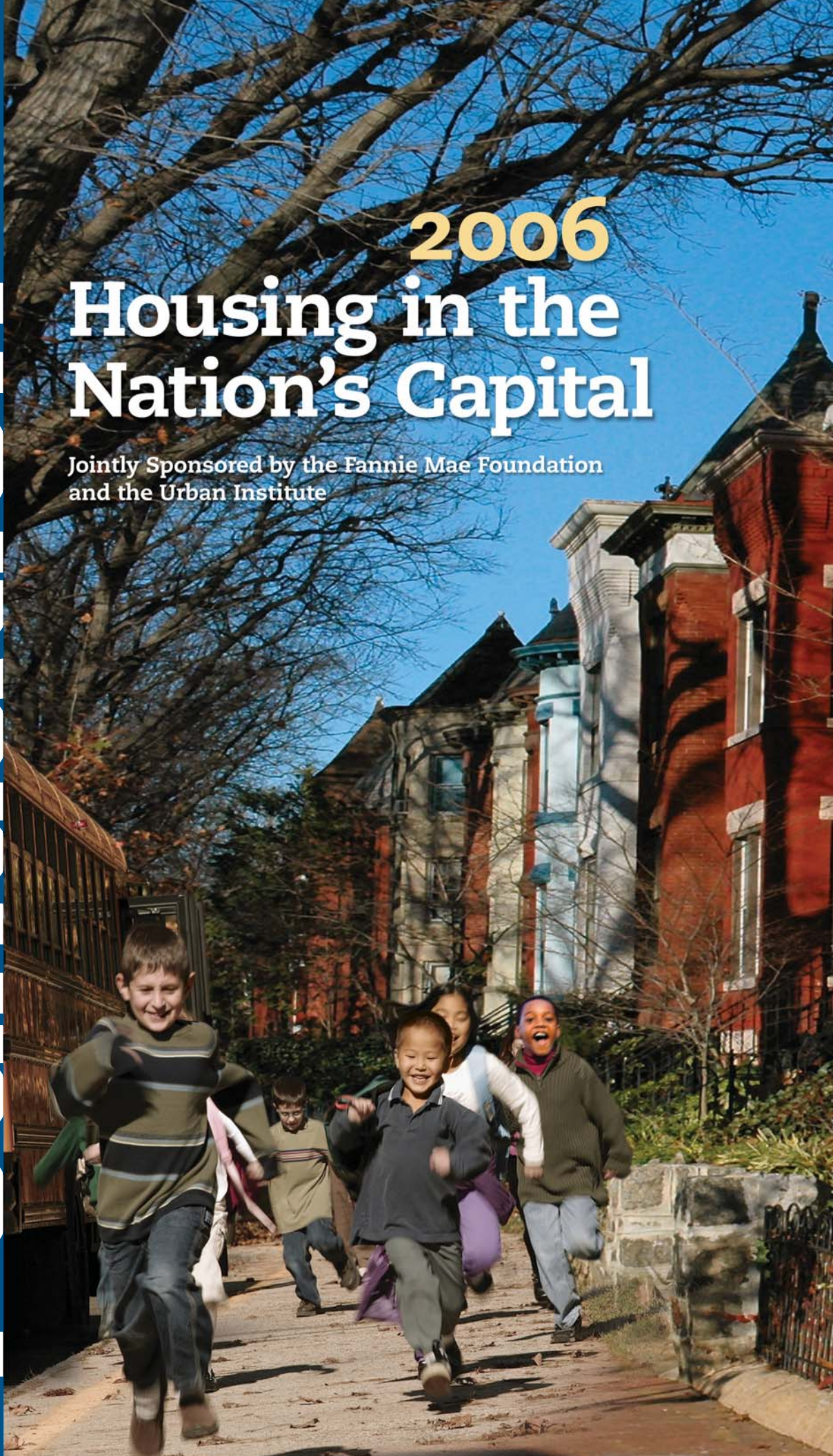
Fannie Mae

Foundation

2006

Housing in the Nation's Capital

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THE URBAN INSTITUTE
WASHINGTON, DC

Foreword

Schools and housing have dominated political discourse in the Washington region during this election season. A May 2006 poll conducted by a District mayoral candidate, for example, ranked these issues first and second, respectively, among city voters.

These poll results should come as no surprise: Home and school shape our lives and our aspirations. And recent developments in the Washington metropolitan area give these issues even greater weight. Home prices have spiked and affordability has plummeted. Strong, sprawling population growth has pressured school systems and strained local budgets. A rising demand for more affordable housing coincides with a rising demand for better schools.

Largely omitted from the public dialogue on these issues, however, has been consideration of the connections between schools and housing. This year's *Housing in the Nation's Capital* fills this gap. It explores the intersections among public schools, housing, and neighborhood revitalization in the District of Columbia and the greater Washington metropolitan region. It addresses thorny issues and answers pressing questions: How many public school students will be generated by the thousands of new housing units under construction or planned in the District? Do school segregation patterns mirror the racial divides of residential neighborhoods? Can school employees afford to live in the communities they serve? What housing and education policies are necessary to promote the population growth that the District hopes to achieve?

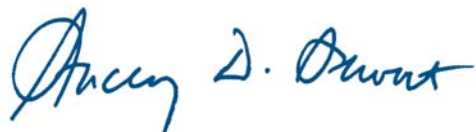
Findings from this report demonstrate the tightly interdependent relationship between public school systems and local housing markets and, as a result, the imperative for *coordinated* investments that expand the supply of affordable housing while improving the quality of public education. At present, this imperative is largely ignored. The bulk of the District's new home stock, for example, consists of high-priced, high-density condominiums that appeal primarily to singles and childless couples and therefore house few public school students. This year's report also finds that the vast majority of homes are priced far beyond the reach of public school employees, a finding that does not bode well for the city's efforts to attract and retain quality teachers. In addition, far too many of our schools are "separate and unequal," the invariable result of the entrenched patterns of residential segregation that we first noted in the 2002 edition of this report.

These troubling findings are not meant to mask hopeful developments. Scattered throughout this report are encouraging examples of neighborhoods in which housing and school improve-

ments are converging to improve the quality of life for current residents and increase the prospects that future generations will find the District a desirable place to live — and a desirable place to raise their children.

As always, the publication of *Housing in the Nation's Capital* is intended to promote dialogue and spark the civic discourse that sustains and invigorates democratic institutions. This report affirms the desirability of giving high priority to housing and education issues in policy discussions and political debates. But it concludes that the elevation of these issues will prove inadequate so long as they are treated in isolation from one another, so long as we fail to acknowledge their interdependence. To build healthy, vibrant, inclusive communities, investments in housing and investments in schools must be linked. Policies that increase housing options must be integrated with policies that improve student learning. We need holistic vision.

Our hope is that by illuminating some of the connections between housing and schools, this year's *Housing in the Nation's Capital* will move our public dialogue in a new direction. We hope it will guide us toward solutions that are rooted in a new understanding of the tightly interdependent relationship between affordable housing and effective schools.



Stacey D. Stewart
President and CEO
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Acknowledgments

The authors thank the Fannie Mae Foundation for providing us with the ongoing opportunity to examine housing conditions and trends in our city and region, and for encouraging us to take on the challenging topic of housing and schools for this year’s edition. In particular, we thank Patrick Simmons, director of Housing Demography at the Foundation, for his many contributions to the content, organization, and accuracy of this report.

We also thank Mary Filardo of the 21st Century School Fund for helping us obtain and analyze data on school enrollment in the District of Columbia and on school facilities investments regionwide. And we wish to acknowledge the Annie E. Casey Foundation, which supports the Urban Institute’s ongoing work to assemble much of the information presented in this report through NeighborhoodInfo DC.

Finally, we greatly appreciate the comments and suggestions provided by a group of advisers convened by the Fannie Mae Foundation. And we acknowledge with appreciation the contributions of the Foundation’s publishing and design team: Carl Luty and Kathy Litzenberg. Of course, all errors and omissions remain the responsibility of the authors.

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Executive Summary

Housing in the Nation's Capital

Housing markets and public school systems are tightly interdependent. New housing development almost invariably requires the construction of new schools, while shifts in housing supply and demand create new challenges for existing schools. For many families, choosing where to live is as much about school quality as housing affordability. Consequently, public school options play a decisive role in shaping housing demand. Similarly, housing demand determines property values — and property tax revenues — which in turn fuel the local public school system. These linkages warrant more policy attention than they commonly receive.

Here in the Washington metropolitan region, booming growth and suburban sprawl have put tremendous pressure on both the housing supply and public school systems. Within this context, the District of Columbia faces a unique set of challenges. City leaders want to attract and retain more families with children. But the city's new high-density, high-cost housing is more likely to attract singles and childless couples. In addition, many District schools are performing poorly, a fact that makes it more difficult both to retain and attract families with children.

A window of opportunity may be opening, however. Demand for city living is clearly on the rise and births are up in some parts of the city, raising the possibility of retaining more families over time. The city's prosperity makes

it possible to substantially expand investments in both school revitalization and affordable housing. And serious planning efforts are under way in both areas. If the District links its efforts to increase the availability of affordable homes in mixed-income neighborhoods with ongoing investments in both school facilities and educational programs, it has the potential to improve the academic performance of today's students, encourage families with children to remain here, and persuade more families to consider life in the District.

Regional Growth Puts Pressure on Housing and Schools

The Washington region continues to prosper and grow, still outperforming most metropolitan areas nationwide. Total employment reached 2.92 million in 2005 — up 65,000

(or 2.3 percent) from 2004, well above the growth rate for the nation as a whole. Unemployment, at only 3.4 percent, remains lower than the national average. The region's population also continues to expand, with an average net increase of 85,000 people per year since 2000. The number of public school students is growing even faster than total population — at an annual rate of 2.3 percent over the first four years of this decade.

Sprawling development patterns — discussed in earlier editions of this report — persist. The Outer and Far Suburbs captured 65 percent of the region's population growth between 2000 and 2005, up from 49 percent in the 1990s, generating demand for both new housing and new schools. And there has been no improvement in the pace of housing production relative to population growth. Since 2000, 44 new units have been built per 100 new residents in the region — almost the same ratio as in the 1990s. As might be expected, house prices and rents were up dramatically in 2005, with the median price for existing single-family homes at \$425,800, up 21 percent from 2004 after inflation. Signs indicate that market pressures are softening, but vacancy rates remain low by national standards, and home sales prices remain far out of reach for low- and moderate-income households.

Public school enrollment has mushroomed in the Outer and Far suburbs since 2000, with net increases of 10,600 students per year.

Enrollment in the Inner Core and Inner Suburbs has also grown, but more slowly than in the 1990s, while school enrollment in the District has been essentially flat. To keep pace with enrollment growth, the region's school districts have added an average of 16.5 new schools per year since 1995. And since 2000, total annual capital outlays for school facilities has averaged \$651 million, 53 percent of which went to new construction (Figure ES1).

Communities throughout the Washington region are becoming more racially and economically diverse. In fact, more than half of the metropolitan area's children under age 15 are members of racial and ethnic minorities. Nonetheless, racial and ethnic school segregation persists at quite high levels — mirroring the persistence of residential segregation across the region. Black–white segregation among public school students has climbed very slightly over the past decade from a score of 64 in 1995–1996 to 66 in 2003–2004 (where a score of 100 implies complete segregation of whites from blacks). Segregation of Hispanic students from non-Hispanic whites is lower (56 in 2003–2004) and has remained essentially unchanged in recent years. Levels of school segregation in the Outer and Far suburbs — where the growth of minority populations is occurring most rapidly — are substantially lower than for the rest of the region. But segregation in these areas has risen significantly over the

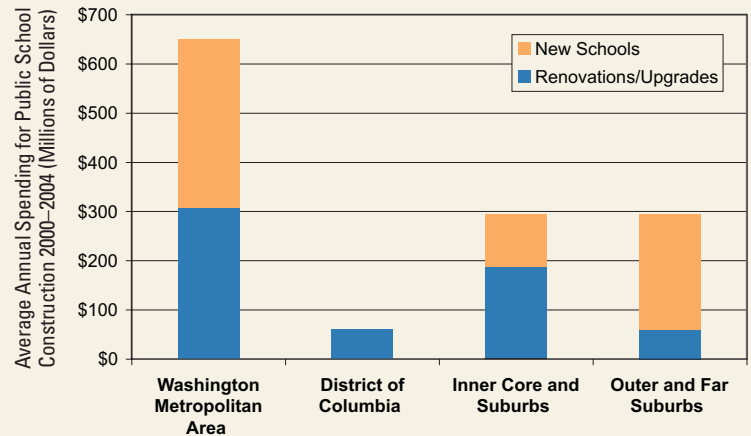
past decade. And the school districts that serve the highest shares of minority students generally do not perform as well on standardized tests or other indicators of school quality as those serving predominantly white communities.

City Revitalization Attracts Few Families with Children

The contrast between the public school enrollment increases in the suburbs and flat enrollment in the District points to the city's difficulty in attracting and retaining families with children. This disparity defines one of the most pressing challenges facing Washington, D.C., a challenge that this report addresses in depth. Although the city has been gaining both households and population in recent years, the available evidence suggests that newcomers are for the most part singles and childless couples. Specifically, among income tax filers moving into the District, the average number of exemptions has declined from 1.49 in 1996 to 1.38 in 2003. Moreover, there is no evidence of growth in the number of public school children living in the District.

Part of the explanation lies in housing market trends; the city is losing affordable housing, while most new housing is both high-priced and high-density, and therefore less attractive to families with children. After inflation, the median sales price of single-family homes in the District rose 21.6 percent in 2005, to \$415,000, and the average rent rose

Figure ES1: Outer Areas Invest in New Schools to Accommodate Student Growth

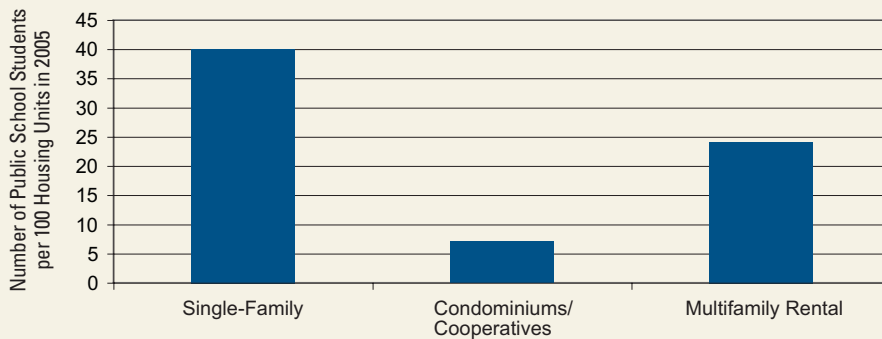


SOURCE: Data from McGraw-Hill Construction and 21st Century School Fund.
NOTE: Data for the District of Columbia do not include investments in public charter schools.

3.0 percent, to \$1,321 per month. Recent home buyers in the District are less likely than existing homeowners to have a student enrolled in the public school system, and recent buyers in high-priced neighborhood clusters are less likely to have students in the public schools than buyers in lower-priced clusters.

In addition to price, the type of housing available is an important factor in families' decisions about where to live. Condominiums now account for almost half of the city's sales market — 49 percent, compared with 41 percent just a year ago. Historically, very few condominium residents in the District have had children enrolled in the public school system. In fact, condominiums generate only seven public school students per 100 housing units, compared with 24 for multifamily rental housing and 40 for single-family housing, whether

Figure ES2: Condominiums Attract Few Families with Public School Students



SOURCES: Data from District of Columbia Real Property Assessment File for housing data; District of Columbia Public Schools, District of Columbia Board of Education, and Public Charter School Board for student data.

owner-occupied or rental (Figure ES2).

A very large volume of new housing development is either under way or on the drawing board for the District — new homes and apartments that could potentially attract more families and expand public school enrollment. Given historic enrollment patterns, planned new housing development could generate 4,200 additional public school students by 2010 and 5,500 by 2017. However, if households moving into the new housing units send fewer children to public schools (as recent home buyers have), the new housing units would only expand enrollment by 3,300 through 2010 and 4,000 through 2017. Conversely, shifting the mix of new units to produce fewer condominiums and more rentals could potentially boost enrollment more substantially — by 5,000 through 2010 and 6,500 through 2017.

Public school enrollment trends are determined not only by the characteristics of in-movers to the city, but also by new births

to existing households and by family decisions about where to send their children to school. Since 1999, the number of births in the District has remained essentially flat, averaging about 7,600 per year. But births are increasing in some higher-priced areas, including the Cleveland Park and Capitol Hill

clusters. In the past, the city's public school system has captured a relatively low share of births from these neighborhoods — either because the families left the city or because they enrolled their children in private schools. If a somewhat larger share of families from these neighborhoods chose to stay in the District and enroll their children in the public school system, enrollment could climb over the next few years.

District of Columbia Schools Offer Choices but Uneven Performance

The city's public school system offers families a range of choices: 180 traditional District of Columbia public schools and special programs (DCPS schools) and 65 public charter school campuses. For most DCPS schools, enrollment is guaranteed for students living within the school's official boundaries, although students outside a school's boundaries may also apply for admission. Public charter schools are required to serve students from anywhere in

the city, using a lottery system when applications exceed capacity.

As of October 2005, 76,430 students were enrolled in the public system, with 78 percent attending a DCPS school and 22 percent attending a public charter school. Contrary to conventional wisdom, total enrollment in the city's public school system has remained essentially steady over the past decade. Although the number of students attending DCPS schools has declined substantially since 1998, public charter school enrollment has climbed.

Standardized test scores for DCPS and public charter schools are low on average, but show wide variations in performance. The average DCPS student attends a school in which only 42.3 percent of children met or exceeded applicable proficiency standards for reading in the 2003–2004 school year.

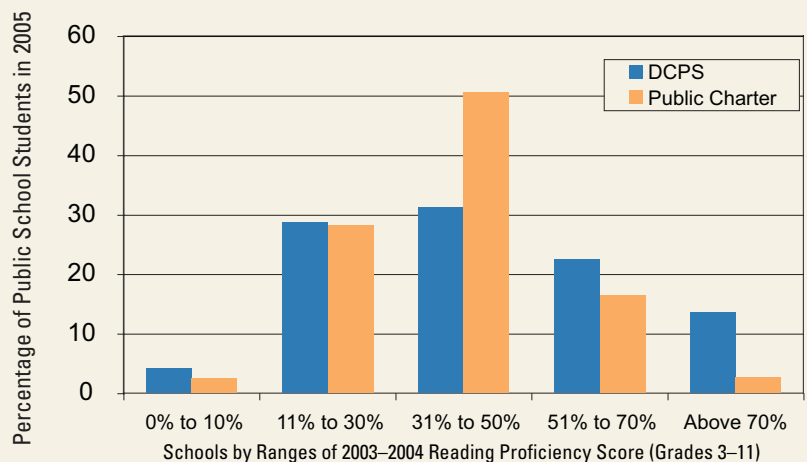
The comparable score for the average charter student was 38.6 percent. Some DCPS schools perform very well; 13.6 percent of DCPS students attend schools with reading proficiency rates above 70 percent. But 4.2 percent of DCPS students attend schools with reading proficiency rates below 10 percent. Performance also varies widely among public charter schools. As of 2003–2004, public charter schools were less likely than DCPS schools to have extremely low proficiency rates, but also less likely

to have extremely high rates (Figure ES3).

Standardized test scores are by no means the only (or best) measures of educational quality. First, many factors that are not reflected in test scores contribute to the quality of education a child receives. In addition, research clearly demonstrates that the strongest predictors of student test scores are family income and education level. Thus, in a city like the District, with high levels of economic segregation, schools that primarily serve children from low-income and less-educated families typically have low test scores, while those serving more privileged children have higher test scores.

Serious efforts are under way to improve both school facilities and instructional programs in the District of Columbia. Capital spending on school facilities has increased

Figure ES3: DCPS Schools More Likely Than Charter Schools to Perform Very Poorly or Very Well



SOURCE: Student-level enrollment data and school-level performance data from the District of Columbia Public Schools, District of Columbia Board of Education, and the Public Charter School Board.
NOTE: A school's proficiency score is defined as the percent of students scoring proficient or higher on the appropriate standardized tests for their grade level.

dramatically over the past decade, from an annual average of only \$262 per student between 1995 and 1999 to an average of \$905 per student between 2000 and 2004. These expenditures have gone toward renovating and in some cases replacing existing facilities. Currently, DCPS facilities are underutilized, and the school board is planning for closures and consolidations as part of a Master Facilities Plan. The superintendent also presented a Master Education Plan to the Board of Education in February 2006 in an effort to upgrade the quality of instruction in DCPS schools.

Patterns of School Choice Vary Widely

African-American and Hispanic students are much more likely to attend public charter schools than are whites. Specifically, only 9 percent of the white students enrolled in the District's public school system attend charter schools, compared with 23 percent of African-American students and 19 percent of Hispanic students. In addition, public charter school students are more likely than DCPS students to have incomes low enough to qualify for free or reduced-price lunch.

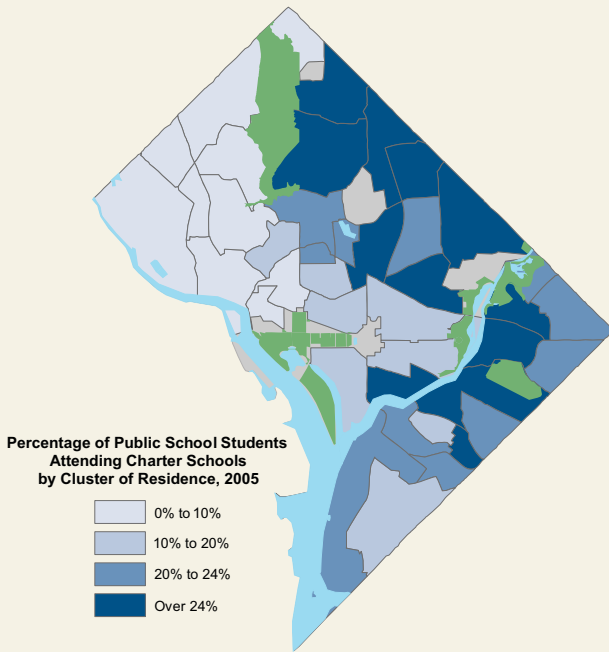
Patterns of school choice vary widely across District neighborhoods. Although only a small share of the city's public school children live in the affluent neighborhoods west of Rock Creek Park, virtually all who do attend DCPS schools (Figure ES4). And in general, the

DCPS schools in these neighborhoods perform well. In fact, proficiency scores exceed 90 percent in several of the neighborhood clusters west of the Park. In contrast, public charter school attendance is highest among students living in neighborhoods east of the Anacostia River and in Northeast, where the performance of DCPS schools is much lower.

Students who attend public charter schools travel much longer distances than those attending DCPS schools. For example, at the elementary school level, the average charter student attends a school a mile and a half from home, while the average DCPS student attends school a third of a mile from home. Public charter school students who live east of the Anacostia River travel the farthest, with elementary school children traveling almost two miles on average.

Among elementary school students who live east of the Anacostia, those who travel more than half a mile to either a DCPS or charter school attend schools with average proficiency scores that are six points higher than the average for schools attended by students who remain close to home. Many factors influence families' school choices, including safety, stability, and after-school care arrangements. And, as discussed earlier, test scores provide only a limited picture of school performance. But the patterns of school choice in the District suggest that a substantial share of children living east of

Figure ES4: Families in Areas with Stronger DCPS Schools Less Likely to Choose Charters



SOURCES: Data from District of Columbia Public Schools, District of Columbia Board of Education, and the Public Charter School Board.

the Anacostia River and in Northeast are traveling relatively long distances in order to attend schools that may be performing somewhat better.

Potential of Linked Strategies

The District of Columbia government has set a goal of growing the city’s population by 100,000, both by retaining more of the people who live here now and by attracting new residents. Many of the people likely to be attracted to central-city living are singles and childless couples. But the city also hopes to retain and attract more families with children. This goal reflects a perception that the District

would suffer in tangible ways if it were to become a city with fewer and fewer children, or if the population became more starkly polarized between low-income families with children and higher-income singles and childless couples.

But current trends are moving the District in the wrong direction. The number of households without children appears to be on the rise, and private housing production has swung sharply to meet their preferences. Families with children, especially those at the lower end of the income spectrum, face increasing housing affordability pressures.

What can be done to change these trends? Both housing and school policies play critical roles. One essential step is to expand the city’s stock of affordable housing so as to better meet the needs of current and future families. Last year’s *Housing in the Nation’s Capital* report outlined four essential elements of an affordable housing strategy for the District: expanded production, preservation of the existing affordable stock, increased funding and the use of regulatory tools to make new and existing units affordable to lower-income households, and targeted neighborhood strategies to address market conditions. These elements were reflected in the more detailed recommendations of the District’s Comprehensive Housing Strategy Task Force, many of which were incorporated in the Mayor’s latest budget.



In addition, more attention should be focused in the years ahead on the types of housing produced. The current predominance of condominium development — and the conversion of rental properties to condominiums — may undermine the city’s ability to attract and retain families with children. Thus, as part of its affordable housing strategy, the city may need to focus more intensively on the preservation of the existing rental stock, allocate more of its development subsidies to rental properties and single-family homes, and use its regulatory authority to encourage more family-friendly housing types.

The recommendations of the Comprehensive Housing Strategy Task Force also make a strong case for mixed-income housing development by 1) preserving affordable housing in hot market areas, 2) attracting moderate- and middle-income residents to weaker market areas, and 3) incorporating affordable units into new developments citywide. If the District acts on these recommendations, it could strengthen efforts to improve school performance and educational outcomes for children, because the stark disparities in the performance of District schools today result in part from patterns of residential segregation and exclusion.

Of course, housing policies alone will not be

enough. Significant improvements in the public schools are also essential if the city is to retain and attract families who have choices about where to raise their children. Unfortunately, too many people appear to have written off the possibility that the District’s school system can improve. This attitude is itself a serious barrier to progress. We suggest instead that current demographic and market trends create an important and realistic window of opportunity for substantive and lasting change.

This more optimistic view does not require immediate, dramatic reform of the entire Washington, D.C., school system. Rather, it suggests the need for significant, incremental, school-by-school improvement that retains and attracts more families with children at the same time that systemic, longer-term reform moves forward. This strategy can work. Over the past decade, other cities have shown the way, establishing a good number of high-quality schools within troubled systems. These schools have typically emerged as the result of a linked strategy in which improvements in neighborhood housing and infrastructure have been coordinated with improvements in local public schools. The result is stable, mixed-income communities. There is nothing to suggest that such a strategy cannot work in the District. In fact, Washington, D.C., is already home to many high-performing public schools, and replicating this success should be possible in other neighborhoods currently

experiencing or slated for reinvestment.

To demonstrate that high-performing schools can become assets for healthy, family-friendly neighborhoods, the city should target a limited number of neighborhoods for coordinated investment. In neighborhoods like Congress Heights or Anacostia, for example, a new school offering high-quality programming would complement housing and retail improvements to better serve current residents while also attracting new families to the area. Similarly, in hot market areas like Capitol Hill, where births are up, expanding the array of high-quality school options may help retain more young families. And in neighborhoods slated for redevelopment under the District's New Communities program, coordinating the replacement of both distressed housing developments and poor-performing schools may produce long-term vitality. Over time, as city residents, potential newcomers, and private developers all see that new, family-focused neighborhood revitalization is working, both housing demand and production are likely to rise.

Time Is of the Essence

Linked strategies deserve serious attention right now, in part because the city's current growth and prosperity make it possible to put serious money behind them. The budget for school revitalization is rising substantially, and

as more resources are earmarked for the Housing Production Trust Fund, so will funding for affordable housing. This brings new urgency to the imperative to coordinate planning for neighborhood development and school revitalization more intensively than in the past. In the context of the District's new Comprehensive Plan, city officials should consider targeting neighborhoods where linked investments in housing and schools look promising.

At their best, public schools serve as neighborhood assets, providing not only a high-quality education to children but opportunities for communitywide learning and recreation. At their worst, however, public schools undermine the well-being of existing neighborhoods, fail the children living there, and discourage families from staying. Emerging demographic and housing market trends pose substantial challenges for the District of Columbia, but they also create the opportunity to strengthen the public school system, retain and attract more families with children, and expand and diversify school enrollment. If the city seizes this opportunity to strategically link housing development, public school investments, and neighborhood revitalization, it can advance its goals of growth and inclusion and, in the process, create a stronger community, a more vibrant city for all its residents.



Introduction

This is the fifth in a series of annual reports on housing in the Washington metropolitan region. It assembles and analyzes the most current data on housing conditions and trends in the District of Columbia and the surrounding suburbs. Previous editions have explored the regionwide housing challenges posed by the metropolitan area's recent economic surge and the impact of escalating rents and home prices on the District's neighborhoods.

This year's report focuses on linkages between housing and schools in the District of Columbia and the metropolitan region. For many families, choosing where to live is as much about school quality as about housing options. Consequently, the availability and quality of public schools play a critical role in shaping demand for housing, and, correspondingly, housing market trends shape school enrollment patterns. To explore these issues:

- **Chapter 1** reviews the latest evidence on regionwide growth and change, giving special attention to investments in school facilities and changes in the number, characteristics, and location of public school students.
- **Chapter 2** zooms in on the District of Columbia, providing up-to-date information on changes in jobs, population, and social conditions, including varia-

tions across the city's neighborhoods.

- **Chapter 3** profiles the latest housing market conditions for the region as a whole and the District of Columbia in particular, including information on home sales, rent trends, condominium conversions, and the loss of rental units.
- **Chapter 4** explores school characteristics across District of Columbia neighborhoods, highlighting variations in facilities investments, student composition, student academic performance, and choices regarding enrollment in public charter schools or DCPS schools.
- **Chapter 5** highlights strategic opportunities to advance the city's goals of growth and inclusion by more systematically linking investments in public schools with investments in housing and neighborhood revitalization.

In addition to the information and analysis presented in this volume, detailed data tabulations and a technical appendix are available on the Fannie Mae Foundation's Web site, <http://www.fanniemae.com/publications/reports/hnc/hnc.shtml>.

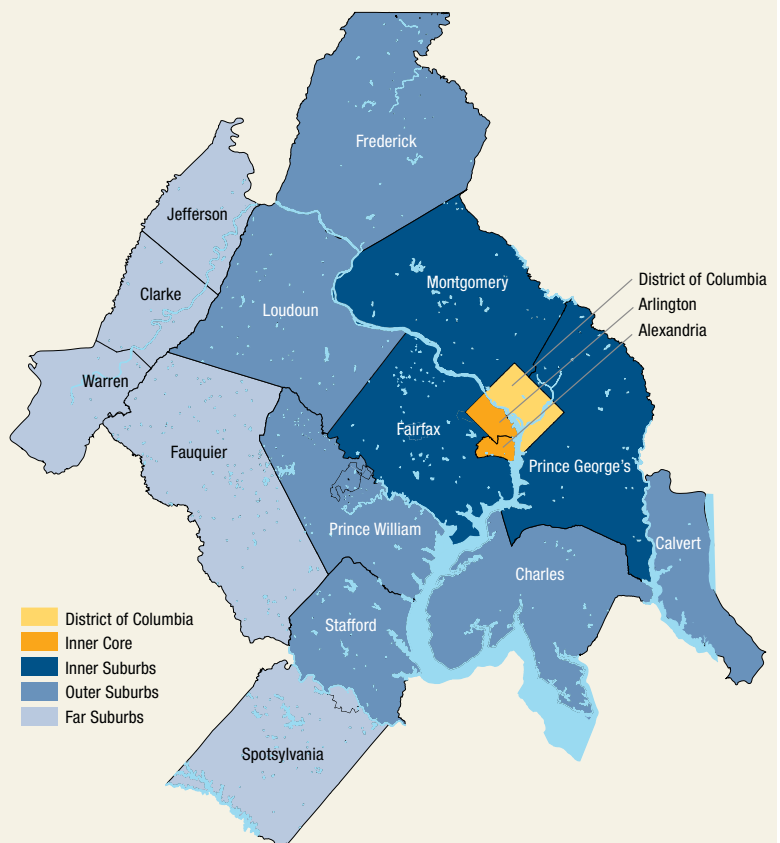
The District offers families a choice of two types of public schools: traditional District of Columbia Public School (DCPS) schools and public charter schools.¹ We provide a comprehensive picture of the combined public system by reporting information on enrollment, facilities investments, and student performance for both categories of schools. It is important to note that this report comes at a time when DCPS is engaged in intensive master planning efforts, focusing both on school facilities and educational programming. Our hope is that a better understanding of the interconnection between families' choice of housing and their choice of schools can inform the planning efforts now under way.

Beginning this year, the annual *Housing in the Nation's Capital* report is supplemented by the quarterly *District of Columbia Housing Monitor*, which provides more frequent updates on housing market conditions in the District of Columbia and its Wards. Each issue of the *Monitor* provides both a standardized set of market indicators and a special focus section highlighting data on a selected topic. In addition, several short, targeted research briefs will supplement this annual report,

including one focused on school facilities investments regionwide and another that examines promising models for addressing the District's affordable housing challenges. In addition, the Fannie Mae Foundation's DataPlace™ site, which provides easy access to housing-related data for communities nationwide, will soon include data on school size and composition from the National Center for Educational Statistics.

Finally, a note of explanation about geographic boundaries and definitions: The Washington metropolitan region spans three states and the

FIGURE I.1: **Washington, D.C., Metropolitan Area**

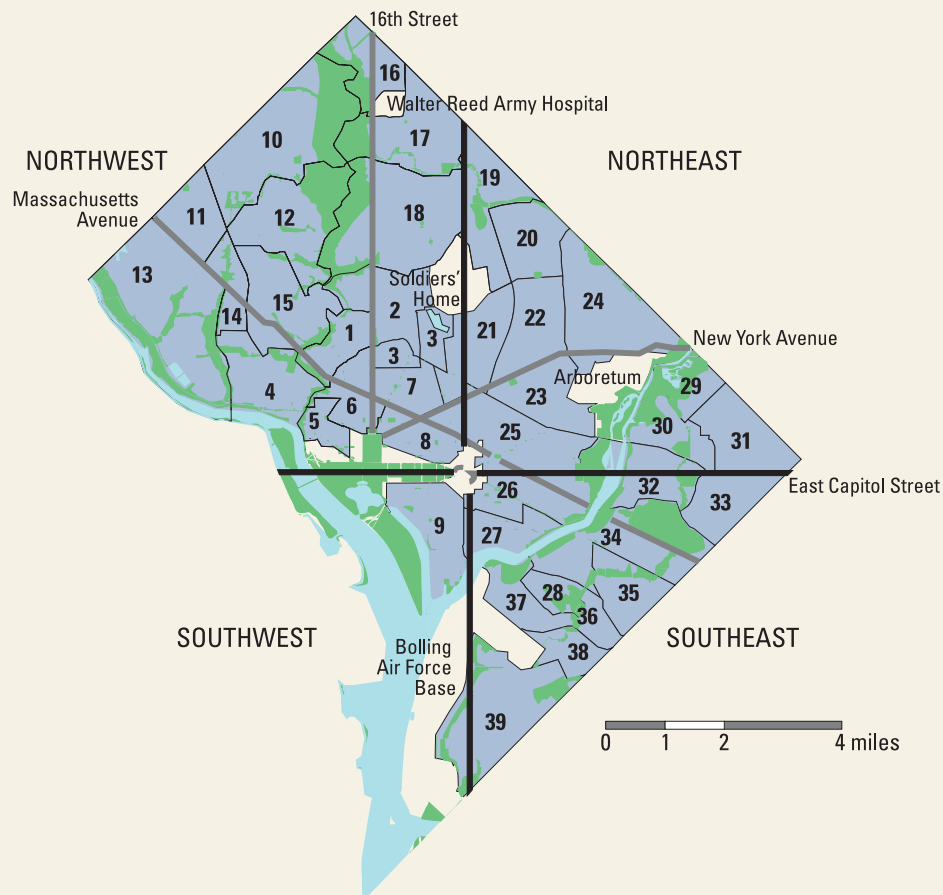


SOURCE: Data from Office of Management and Budget, 2005.

District of Columbia. For the analysis presented here, we have adopted the federal government's 2005 definition of the Washington, D.C., Metropolitan Statistical Area (MSA) and have defined five major subareas within it (Figure I.1). The 2005 definition of the Washington metropolitan area differs slightly from the federal government's earlier definition; it no longer includes King George

County, Culpeper County, and Berkeley County, jurisdictions that accounted for less than three percent of the region's total population as of 2000. Within the District, the report presents data for 39 neighborhood clusters, which have been defined by the city government on the basis of consultations with community organizations and residents (Figure I.2).

FIGURE I.2: **Neighborhood Clusters in the District of Columbia**



SOURCE: Data from District of Columbia Office of Planning, 2002.
NOTE: See Appendix A, Table A.2, for names and descriptions of clusters.



Chapter 1

Housing and Schools in a Booming Regional Economy

The future of the District of Columbia will be powerfully affected by trends and forces operating in the region that surrounds it. This chapter updates our understanding of that context. Previous editions of *Housing in the Nation's Capital* have analyzed the region's booming economic and population growth, increasing racial and ethnic diversity, and serious social and economic inequities. As the metro area continues to grow, these themes will continue to resonate. For both the city and the region, growth will continue to stand as both opportunity and challenge. This year's report looks at this growth with an eye toward understanding and illuminating the stresses and strains on the region's housing markets and public school facilities.

Growth and Underlying Economic Strength

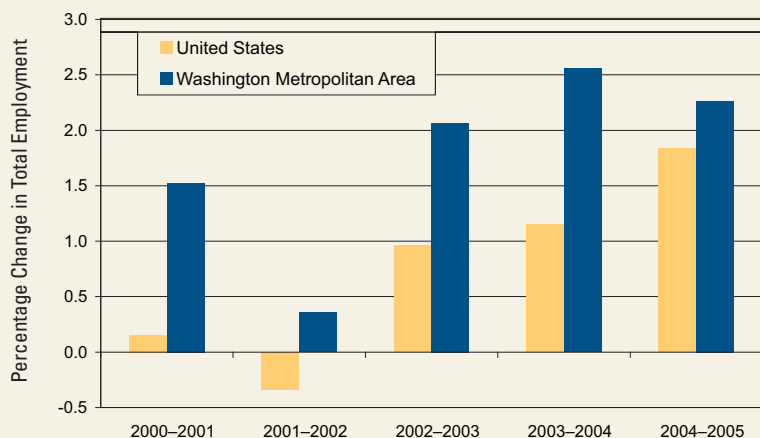
The Washington region remains an economic powerhouse. Total employment reached 2.92 million in 2005, up 64,700 from the 2004 total. As Figure 1.1 shows, this represents yet another year of solid growth, with the 2004 to 2005 growth rate (2.3 percent) slower than that for the year before (2.6 percent), but still well above the average for the nation as a whole (1.8 percent). Continuing strength is also confirmed by the region's unemployment rate, which at 3.4 percent remains well below the national average (5.1 percent).

The factors accounting for this strength

have all been discussed in earlier editions of this report. We have noted, in particular, the advantages arising from the region's role as the national capital (with a competitive edge in international finance and tourism) buoyed by large injections of federal funds that flow to local firms, particularly those specializing in the national defense and homeland security sectors. These factors helped the region hold its own during the first three years of this decade, when the nation as a whole suffered absolute losses to its job base, and they are undoubtedly behind the accelerating growth of more recent years.

In this new growth phase (2003 to 2005), the

FIGURE 1.1: **Regional Economy Continues Robust Growth**



SOURCE: Data from Bureau of Labor Statistics.

private sector has accounted for 85 percent of the region’s net job increase, and the service sector has accounted for 76 percent of the private sector total. Employment also expanded in construction, trade, transportation, finance, and insurance.²

Some parts of the Washington region have experienced more vigorous economic growth than others. Although data are not available on regional patterns of growth for the two most recent years, there is information on employment change by county through 2003.³ In the late 1990s (1998 to 2000), the average annual employment growth rate for the Outer and Far Suburbs was well above that for the region as a whole (7.1 percent versus 4.2 percent), although in absolute terms, the region’s more central jurisdictions still accounted for the bulk (72 percent) of the region’s job growth. Between 2000 and 2003, when the national economy was sluggish, the employment

growth rate for the Outer and Far suburbs dropped somewhat (to 5.3 percent), and employment in the central jurisdictions actually declined (by 0.2 percent annually).

Among the more central jurisdictions, those that accounted for the largest absolute gains in the late 1990s (Virginia Inner Suburbs and Montgomery County) suffered the largest losses in the early years of this decade. The only three jurisdictions that saw employment growth between 2000 and 2003 were the District (0.6 percent), Arlington/Alexandria (0.5 percent) and Prince George’s County (0.7 percent). Prince George’s, which experienced the worst economic performance among the central counties in the late 1990s, appears to have done the best job of weathering the subsequent downturn (registering a net gain of 147 business establishments per year from 2000 to 2003).

The region’s overall prosperity has created economic opportunities for some historically underrepresented groups. The region’s growing prominence as a center for black enterprise attests to this development. In terms of the number of black-owned firms, Washington–Baltimore (with 92,300) comes in second among the nation’s combined statistical areas (outranked only by the New York City area). With 12,200 black-owned businesses, Washington, D.C., ranks sixth among U.S. cities. But Prince George’s County has even more — 28,400 — placing it fourth among all U.S. counties.⁴

Consistent with its economic performance, metropolitan Washington's total population reached an all-time high of 5.25 million in 2005. The overall annual population growth rate for the first half of this decade (1.70 percent) is slightly higher than the average for the 1990s (1.52 percent). This translates to an average net increase of 85,000 people per year since 2000.

As the Washington metropolis grows in jobs and population, it continues to spread out geographically. The Outer and Far Suburbs captured 65 percent of the region's total population growth over the 2000 to 2005 period, a significant increase from the 49 percent average for the 1990s. As discussed further in the next chapter, Census estimates now show the District population growing modestly since 2000. The share of the region's growth going to the Inner Core and Inner Suburbs in this decade remains substantial but has dropped relative to the past. Within these areas, the most notable shift occurred in Fairfax County, which captured 22 percent of total growth in the 1990s but only 7 percent in the first half of this decade.

Housing and Schools: Are They Keeping Up with Growth Pressures?

In 2005, building permits were approved for 36,800 new housing units in metropolitan Washington. Roughly the same number of units was approved in each of the preceding four years, yielding a 2001 to 2005 average of 37,200. This number is substantially above

the average for the 1990s (30,500 units). However, the number of units authorized per 100 net growth in population has not increased. The 2001 to 2005 average was 44 units, almost the same as in the 1990s. Thus there has been no change in demand-supply relationships to reduce market pressures in the near term.⁵

The 2004 report in this series suggested that jurisdictions throughout the Washington region would be wise to consider directing more housing production to the central areas of the metropolis (and along transit corridors) to promote affordable development and reduce commuting times, traffic congestion, and air pollution. The new data on building permits indicate that this shift is, to some extent, occurring. In the Inner Core and Inner Suburbs, 52 new units were authorized per 100 new residents in the 2001 to 2005 period, up from only 41 in the 1990s. And correspondingly, in the Outer and Far suburbs, the average for the past five years was 38 new units per 100 new residents, notably below the 44 of the 1990s.

As might be expected, surging regional growth has put substantial pressure on the region's school systems. Newly assembled



data from the National Center for Educational Statistics (NCES)⁶ show that total public school enrollment in the metropolis reached 820,000 in the 2003–2004 school year, having grown at an annual rate of 2.3 percent over the first four years of this decade. This rate is substantially above the growth rate in total population (1.7 percent) over the same period.

From 1999–2000 to 2003–2004, the region’s public schools accommodated net enrollment increases averaging 17,600 new students per year, up from 15,300 from 1995–1996 to 1999–2000. Public school enrollment grew only marginally in the District of Columbia but mushroomed in the Outer and Far suburbs (with net annual increases of 10,600 new students per year from 1999–2000 to 2003–2004 compared with only 7,400 per year from 1995–1996 to 1999–2000). The Inner Core and Inner Suburbs also saw substantial increases in public school enrollment, although the numbers have been lower over the past four years (6,900 per year) than in the last four years of the 1990s (8,400).

Have the region’s local school districts been able to expand capacity fast enough to keep up with this enrollment growth? Generally, it appears that they have.⁷ From 1995–1996 through 2003–2004, districts across the region added an average of 16.5 net new schools per year. As a result, the average number of students per school has increased only modestly (from 623 to 662), and the median

student/ teacher ratio has declined from 18.9 to 14.9. The latter figure is considerably below the national median for 2003–2004 (15.7, down from 17.3 in 1995–1996), again suggesting that school capacity regionwide has not been outpaced by population growth.

One might have expected school capacity to fall short in the Outer and Far Suburbs, where the enrollment growth rate was almost twice the regional average, but that has not occurred. Over the eight-year reference period, the average number of students per school only increased from 658 to 719 in those areas, and the median student/teacher ratio dropped from 18.5 to 15.4 — not much different from regional averages.

The experience was much the same in the Inner Core and Inner Suburbs, with the average school size increasing from 663 to 718 and the median student/teacher ratio declining from 18.5 to 14.9. The only noteworthy difference within this category is that the 2003–2004 student/teacher ratios on the Maryland side (15.5 for Montgomery County and 16.9 for Prince George’s County) are considerably above the 12.8 average for the Virginia side (Arlington, Alexandria and Fairfax).

Public schools in Washington, D.C., however, stand out from this pattern. The average number of students per school in the District is much lower and declined over the period (from 431 to 380), indicating considerable excess capacity relative to the rest of the region.

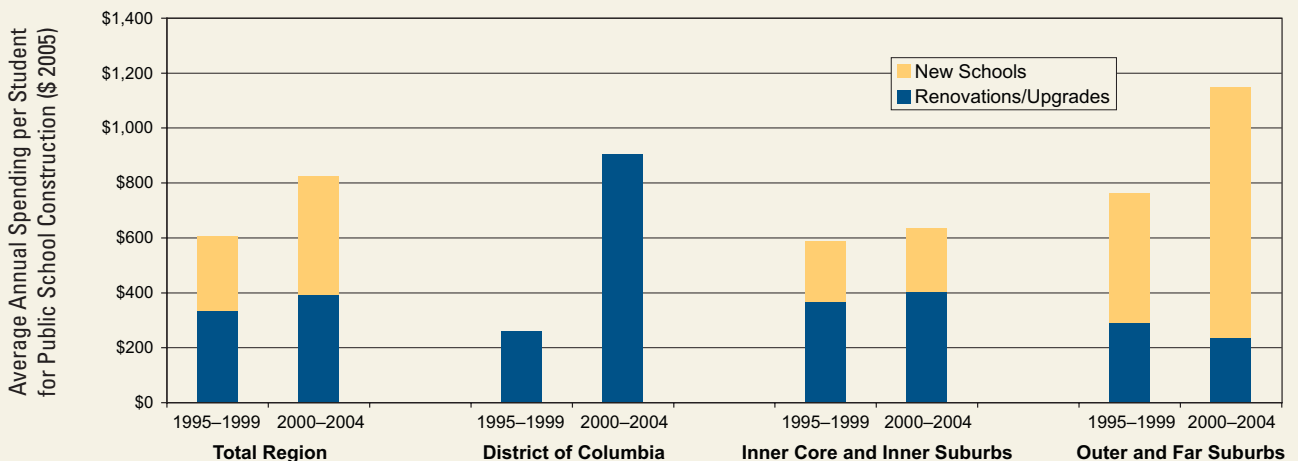
Trends in the ratio of students to teachers in District schools support the same conclusion. The median ratio in the mid-1990s (20.4) was well above the regional median, but by 2003–2004 it had reached 13.3, notably lower than that of the region. Although data on student/teacher ratios are imperfect and certainly should not be interpreted as evidence of improved school quality, these trends are consistent with other indicators of excess capacity in the District’s public school system.

Data on public school capital expenditures show that keeping up with the region’s growing student population has been costly (Figure 1.2).⁸ Between 2000 and 2004, total capital outlays averaged \$651 million per year (\$824 per student), significantly above an annual average of \$437 million (\$608 per student) for the 1995 to 1999 period. Since 2000, 53 percent of total capital expenditures has been spent on new

facilities (as opposed to improvements and renovations), up from 45 percent in the 1990s.

Capital outlays varied substantially across the region’s jurisdictions. Not surprisingly, districts in the Outer and Far Suburbs (where most of the new school construction occurred) spent more on new school facilities from 1995 to 2004 than the regional average — \$693 versus \$353 per student per year. Correspondingly, spending for renovations and improvements was highest in the Inner Core, followed by the District, Fairfax County, and Montgomery County. Prince George’s County stands out as spending far less for school renovations and improvements (only \$110 per student per year) than other jurisdictions in the Inner Suburbs (\$427 to \$690 per student per year). This gap is almost certainly explained more by inadequate resources than by any difference in real needs.

FIGURE 1.2: Investment in Public School Facilities Increases



SOURCE: Data from McGraw-Hill Construction and 21st Century School Fund.
 NOTE: Data for the District of Columbia do not include investments in public charter schools.

A Notable Further Increase in Racial and Ethnic Diversity

The first *Housing in the Nation's Capital* report examined changes in the racial and ethnic composition of the Washington region from 1990 to 2000, finding a marked increase in diversity in the suburbs as well as in the central city. Current data confirm that this trend has continued at about the same pace since 2000.

The minority share of the region's population increased from 36 percent in 1990 to 44 percent in 2000 and to 47 percent in 2004. After rising slightly in the 1990s, the black share of the region's population remained steady at 26 percent through 2004. The growth in minority share is accounted for by Hispanics (up from 9 to 11 percent) and other non-black minorities (up from 9 to 10 percent). Although metropolitan Washington has not yet joined the small group of "majority minority" regions nationwide, it seems certain to do so by the end of this decade. In fact, Washington is one of 27 large metropolitan areas that have already reached that status with respect to children: As of 2004, 53 percent of all residents under the age of 15 and 56 percent of all public school students were minorities.

There has been a more noteworthy shift in diversity geographically. During the 1990s, the District's minority share remained essentially flat (73 to 72 percent); while the black share declined (from 65 to 60 percent), other minorities grew to make up almost all of the

difference. Since 2000, however, the District's total minority share has actually declined — to 70 percent in 2004, with the black share falling to 57 percent.

In contrast, minority populations of the Inner Core and Inner Suburbs continue to grow. In fact, together these counties have already reached "majority minority" status, with the minority share increasing from 48 percent in 2000 to 51 percent in 2004. But it is in the Outer and Far Suburbs that the minority share has grown most rapidly since 2000 — an increase of 1.4 percentage points per year, compared with 0.8 in the 1990s.

Minorities make up even larger shares of public school students in all parts of the region (Figure 1.3). Black shares of enrollment remain highest by far in the District (85 percent) and Prince George's County (78 percent), and these numbers have not changed much since 2000. The most dynamic story for public schools is the growth in the Hispanic share of enrollment, which (between 1999–2000 and 2003–2004) rose from 12 to 16 percent in the Inner Core and Inner Suburbs and from 4 to 9 percent in the Outer and Far Suburbs.

Persistent Regional Disparities

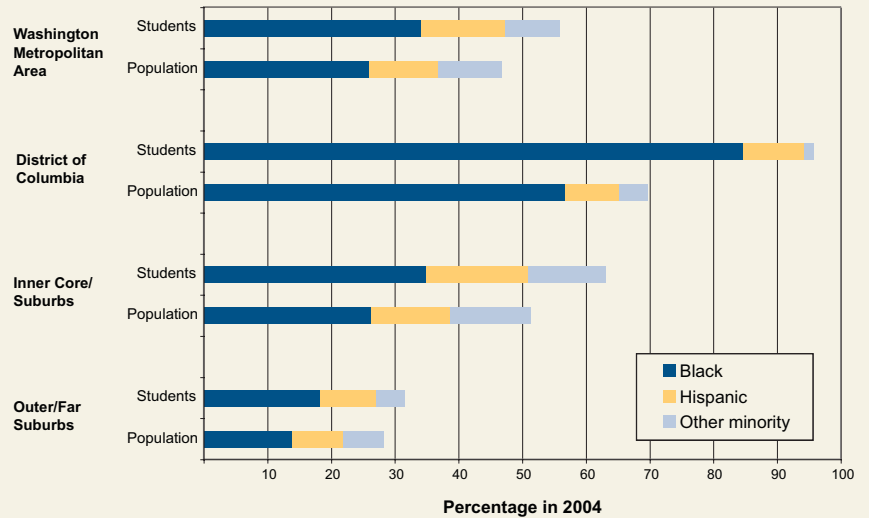
Earlier reports in this series documented stark income disparities and serious residential segregation in metropolitan Washington when this decade began. Has the region's economic surge — its robust growth, its rise to prominence in the nation's economic echelon —

ameliorated these conditions? Generally, it appears that the answer is no. If anything, disparities have worsened somewhat.

There are no reliable estimates of poverty rates that cover all of the region's jurisdictions, but a useful proxy measure is the share of all public school students eligible for free and reduced-price lunches.⁹ For the region as a whole, this measure increased from 27 percent in 1999–2000 to 28 percent in 2003–2004. The concentration of deprivation is highest by far in the District, where the free and reduced-price share went up just slightly from 61 to 62 percent over this period. Next, but at a much lower level, is Prince George's County, which registered an increase from 40 to 45 percent. After that comes Arlington/Alexandria, with a shift from 43 to 40 percent (the only area that saw a clear reduction in this rate).

The most frequently used measure of racial and ethnic segregation is the "dissimilarity index" which, in this case, we apply to the region's public school populations. Index values can range from 0 to 100. When measuring the segregation between blacks and whites, for example, 0 would imply total integration (where blacks and whites are proportionally represented in every school) and 100 would reflect total segregation (where no blacks go to school with any whites). The dissimilarity index can also be

FIGURE 1.3: Student Population More Diverse Than At-Large Population



SOURCE: National Center for Education Statistics for public school student data, U.S. Census Bureau Population Estimates for population data.

interpreted as the percent of students that would have to be relocated to achieve complete integration.

Figure 1.4 illustrates that the black/white dissimilarity index for the region's public schools has remained at a high level for the past decade, increasing slightly from 64 in 1995–1996 to 66 in 2003–2004 (this is in the same ballpark as the 63 recorded in 2000 using residence in census tracts rather than school enrollment as the basis for analysis). Making the same calculations for the relationship between Hispanics and non-Hispanic whites, we find a considerably lower level of segregation but, again, no improvement over time. The value was 56 in 2003–2004 (and 55 in 1995–1996). Levels of segregation in the Outer and Far Suburbs are considerably lower

than for the region as a whole. However, segregation in those areas has been increasing at the same time that the minority share of population has increased. From 1995–1996 to 2003–2004, the black/white index values climbed from 33 to 37, and Hispanic/non-Hispanic white values went up from 43 to 50.

In addition to persistent racial and ethnic segregation, the region’s public schools exhibit wide performance disparities. For example, Montgomery, Fairfax, and Loudoun counties (where 55, 45, and 27 percent of students are minority, respectively) are widely perceived to be among the highest-performing school districts in the country. In recent years, however, the Montgomery County schools have been struggling to address a serious performance gap between white and minority students. And in contrast to the other Inner Suburban counties,

Prince George’s County, where 92 percent of students are minority, has been classified by the state of Maryland as a failing school district.¹⁰

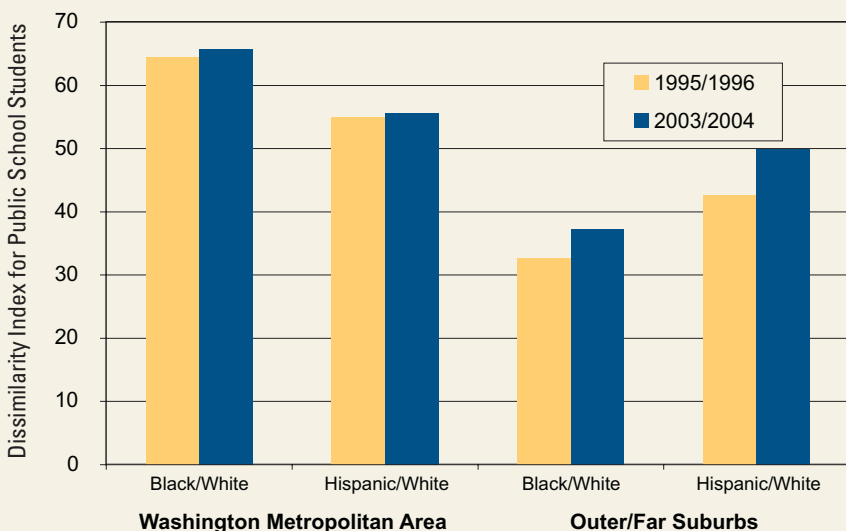
Conclusion

Strength, growth, and diversity continue to be apt descriptors of conditions in metropolitan Washington. Perhaps the most striking new evidence presented in this chapter pertains to the rapidly changing racial and ethnic composition of the region, particularly its public school enrollment.

Not all of the evidence we have reviewed here is favorable. The lack of any hopeful signs concerning social equity, or of any housing production expansion in relation to population growth, is disturbing. Alternatively, the fact that most of the region’s school districts seem to have been doing reasonably well at keeping up with growth is a positive, even though the cost has been high.

On the whole, the context appears favorable for the District of Columbia, certainly much better than one in which economic activity is weak and resources are dwindling. The remainder of this report is devoted to learning whether and how the District is exploiting the advantages and addressing the challenges this environment provides.

FIGURE 1.4: **Public School Segregation High and Rising**



SOURCE: Data from National Center for Education Statistics.



Chapter 2

Prosperity and Change in the District of Columbia

Since the late 1990s, the District of Columbia has experienced a dramatic economic turnaround. Employment opportunities are expanding, housing production is booming, and all evidence points to growing demand for housing in the city's neighborhoods. Of course, housing demand and population trends are inextricably intertwined with perceptions of the public school system. To better understand the linkages between housing and schools within the District of Columbia, it is important first to learn more about the city's broader economic and demographic trends — about growth, diversity, and variations across the city's neighborhoods.

Resurgence Accelerates

A year ago there was solid evidence that the District's economy had moved well out of the doldrums that characterized it for much of the 1990s. Now it is clear that the emerging boom has accelerated. The city's total employment reached 680,000 in 2005, an increase of 1.1 percent over 2004, almost five times the average annual rate of growth from 1995 to 2000.

Recent trends in new investment are even more impressive, as evidenced by housing statistics as well as by the ubiquity of construction cranes in the commercial areas of the city. Last year we reported that housing construction in the District had skyrocketed: More than 1,900 housing units were authorized by building per-

mits in 2004, more than a sixfold increase over the average for the 1990s. In 2005 the total climbed substantially higher again, to 2,860 units, 10 times the 1990s average (Figure 2.1). And the level has grown slightly in the first half of 2006, with 4 percent more units authorized, January through June, than during the same period last year.

The District's mayor has established the goal of increasing the city's population by 100,000. Recent estimates indicate that if the District becomes somewhat more attractive to families with children, it would need to produce 55,100 new housing units between 2005 and 2020 to accommodate that growth, an average of 3,670 per year. If the city's pop-

ulation growth continues to be dominated by singles and childless couples rather than by families with children, the number of new housing units needed is higher — 61,400 new units, or 4,090 per year.¹¹

The record of the past few years makes these targets look achievable. The number of new housing units authorized in 2004 represents 53 percent of the lower target and 47 percent of the higher one. The 2005 level represents 78 percent of the lower target and 70 percent of the higher one. These data suggest that the targets are not totally out of range over the next few years.

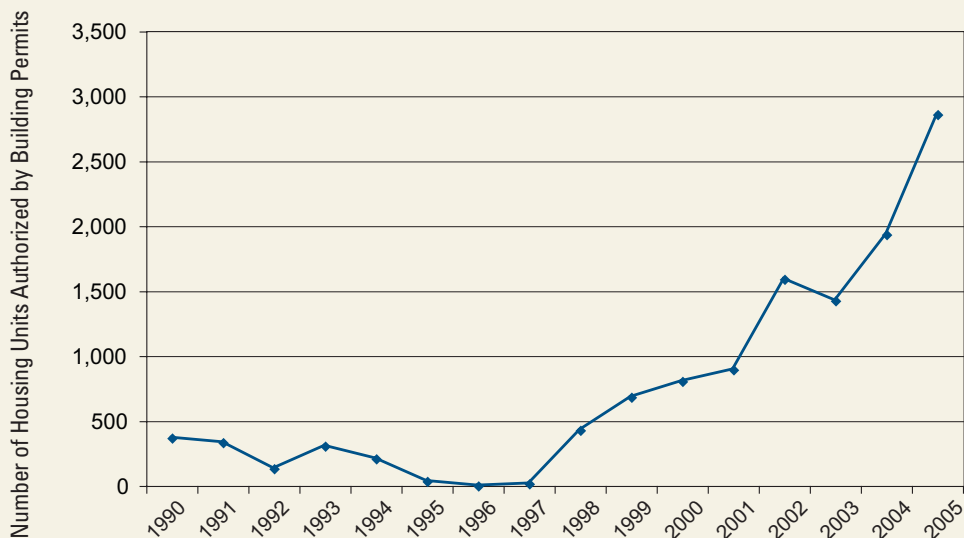
Population and Households: Complex Dynamics

The U.S. Bureau of the Census now estimates that the District's population reached 582,050 in July 2005, implying an average net increase of

1,903 residents per year from its 572,060 total in April 2000. This new estimate is noteworthy not only because it marks the end of a 50-year decline in the city's population, but also because it represents a major revision of earlier Census estimates, which held that the District's population had declined since 2000. The Census Bureau revised its estimate after the District government disputed the earlier figures and presented evidence to support its case.

The number of households in the District is also rising, climbing by 1,140 per year from 2000 to 2004, according to the Bureau's American Community Survey (ACS). Building permits authorized the construction of 1,180 new housing units per year between the end of 1999 and the end of 2003, slightly above the ACS figure for household growth. At the same time, both rental and homeownership vacancy

FIGURE 2.1: **Unprecedented Increase in District Housing Production**



SOURCE: Data from U.S. Census Bureau.

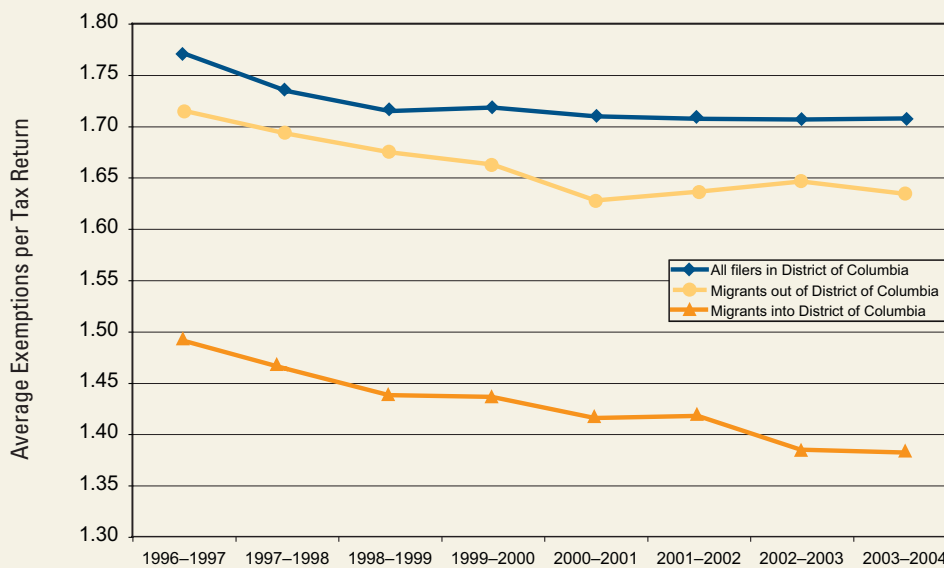
rates have been declining (see further discussion in Chapter 3). It therefore seems likely that most new units are being occupied and that the occupancy rate in the existing stock may be rising. Even assuming a reasonable provision for stock losses, the ACS estimate of household growth through 2004 could be somewhat understated. Regardless, given the dramatic increase in housing authorizations since 2004, coupled with continuing reductions in vacancy rates, it seems likely that the District's household growth has gone up since then.

Another way to assess household growth is to examine IRS data on federal income tax filers.¹² A comparison of the averages for the 1996 to 1999 period with those for 2000 to 2003 suggests a positive trend. The number of filers moving into the District averaged 23,800 per year over 2000–2003 (up from 22,500 in

the late 1990s), and the total number of filers living in the District averaged 225,100 in the more recent period, an increase from 217,000 in the late 1990s.

The IRS data also indicate, however, that the District has not yet begun to attract larger families. The average number of exemptions claimed by filers moving into the city has dropped consistently, from 1.49 in 1996 to 1.41 in 2000 to 1.38 in 2003 (Figure 2.2). Interestingly, however, the number of exemptions per filer for all resident filers remained constant from 2000 to 2003 (at 1.71) after dropping from 1.77 in 1996. This suggests that some combination of smaller-than-average households moving out of the District and an increase in the size of households continuing to reside here is offsetting declines in the number of exemptions among newcomers. In fact, the average number

FIGURE 2.2: **Smaller Households Moving to the District**



SOURCE: Data from Internal Revenue Service County-to-County Migration Files.

of exemptions for out-movers has declined from its 1996 level of 1.71 to 1.63 in 2003.¹³

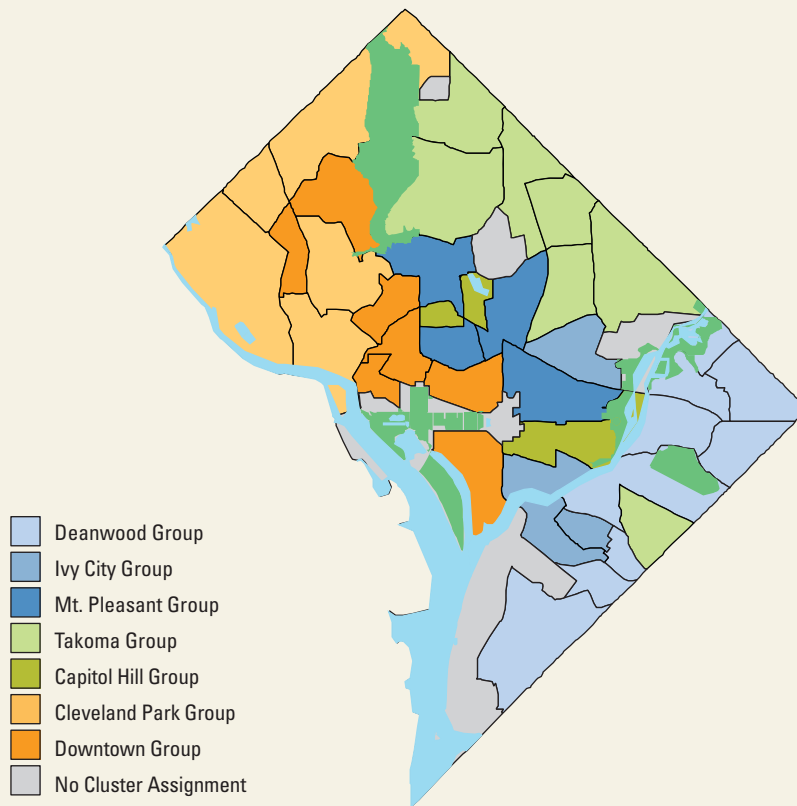
Social Change across Neighborhoods

The most important questions about the well-being of the city cannot be answered reliably by looking exclusively at the city as a whole. In the past, conditions and trends have varied markedly across neighborhoods, and we can be certain that these variations will exist again this year. Last year's *Housing in the Nation's Capital* addressed this issue by defining a housing market typology that categorizes the city's neighborhood clusters according to their housing market performance and potential. The typology uses three housing price-level categories (lower, middle, and higher), based on 1994 prices, and three price-increase categories (moderate, rapid, and very rapid), based on 1999–2004 rates of increase. In addition, an atypical set of clusters — the Downtown group — is defined by the predominance of multifamily housing stock.

The result is seven groups of neighborhoods, each of which is named for one of the neighborhood clusters that fall within it. Figure 2.3 displays the seven groups and the clusters they comprise:

- **Deanwood group:** nine clusters — all located east of the Anacostia River — in the low price range as of 1994 and with moderate housing price increases over 1999–2004. In 2000, 98 percent of the population was African-American; 67 percent of the households were renters; and the rental vacancy rate, at 11 percent, was the highest in the city.
- **Ivy City group:** four clusters in the low price category, but in the rapid price increase range. Ivy City lies just west of the National Arboretum; Near Southeast is southeast of Capital Hill; and Anacostia and Sheridan are east of the Anacostia River. In 2000, 94 percent of the residents were African-American, 77 percent of households were renters, and the rental vacancy rate stood at 9 percent.
- **Takoma group:** seven clusters, in the medium price range in 1994, with most experiencing rapid price inflation since then. One neighborhood (Fairfax Village) is located east of the Anacostia, but all the rest are north of the Capitol and east of 16th Street. In 2000, 82 percent of residents were African-American, but only 44 percent were renters. The group had a 7 percent rental vacancy rate.
- **Mt. Pleasant group:** four clusters just north and east of downtown. The clusters in this group are experiencing dramatic change. They were in the lower price group in the mid-1990s but have experienced the highest housing price inflation over the past five years. In 2000, the population was 62 percent African-American, 65 percent renter, with a 6 percent rental vacancy rate.
- **Capitol Hill group:** just two clusters (Capitol Hill and Howard University).

FIGURE 2.3: Clusters by Housing Market Typology



SOURCE: Data from Urban Institute analysis of District of Columbia Real Property Assessment File.

These neighborhoods started in the medium price category but have experienced very rapid price increases since 1999. In 2000, 54 percent of the residents were African-American, and 54 percent were renters. The group had a 6 percent rental vacancy rate.

- **Cleveland Park group:** six clusters, mostly located west of Rock Creek Park. These neighborhoods were originally in the high price range but have experienced only moderate housing price increases in this

decade. In 2000, 10 percent of the residents were African-American, 37 percent were renters, and the group had a 2 percent rental vacancy rate.

- **Downtown group:** seven clusters, all of which, as noted earlier, have most of their housing units in structures with five or more units. All have experienced rapid or very rapid growth since 1999. In 2000, 23 percent of the residents were African-American, 69 percent were renters, and the group had a 3 percent rental vacancy rate.

Housing market conditions in almost all of these very different neighborhood groups have been undergoing important changes since 2000. To what extent have these market shifts been mirrored by changes in the size and composition of their populations? Evidence to address this point is fragmentary, but available indicators suggest some interesting patterns.

First, new data on the receipt of public assistance show that social distress continues to be concentrated in Southeast, particularly in the Ivy City and Deanwood groups, despite notable home price increases in these neighborhoods over the past few years. In July 2005, almost half of all households in the Ivy City group and one-third of those in the Deanwood group received food stamps. In the remaining groups, food stamp shares range from 22 percent in the Mount Pleasant group down to 0.6 percent in the Cleveland Park group. The share of households that receive Temporary Assistance to Needy Families (TANF) is also by far highest in the Ivy City (21 percent) and Deanwood (16 percent) groups; the incidence of TANF support in the remaining areas ranges from only 5.6 percent in the Mount Pleasant group down to 0.1 percent in the Cleveland Park group.

Districtwide, starting in July 2000, the number of households receiving Food Stamps increased at a rate of 4.9 percent per year to reach 43,368 in July 2005; the number of TANF households increased at an annual rate of only

0.3 percent, reaching 15,878 at the end of that period. Little change was noted in the neighborhood distribution of these subsidies. Similarly, data on unemployment by Ward show no improvement for Southeast. In June 2006, unemployment rates were 9.4 percent in Ward 7 and 15.6 percent in Ward 8 (compared with the District average of 5.4). These figures are up slightly from their 2004 levels despite a notable improvement in the citywide rate.¹⁴

Information on births also indicates the persistence of distress and population decline in Southeast Washington. The absolute number of births per year in the District remained fairly constant overall (at around 7,600) from 1999 to 2003, but there are notably different trends for different neighborhood groups. Comparing the average numbers of births in the 1998–2000 period with those in the 2001–2003 period, the Ivy City and Deanwood groups registered annual declines of 3 percent or more. Almost all other groups saw little or no change in this indicator. The one positive exception was the Cleveland Park group, where the number increased at a 5.2 percent annual rate. In addition, several individual clusters saw rising births, including Capitol Hill (cluster 26) and N. Cleveland Park (cluster 12).

Finally, we examine the extent to which indicators of gentrification vary across the typology. In the 2004 issue of this report, we showed that for the city as a whole, both whites and high-income households are

increasing as a share of all home buyers who take out mortgages. This tendency, however, is much more pronounced in some neighborhoods than in others. In three groupings, the change has been substantial. Comparing the 1999–2001 period with 2002–2004, the high-income share of borrowers jumped from 12 to 22 percent in the Takoma group, from 35 to 52 percent in the Capitol Hill group, and from 25 to 35 percent in the Mount Pleasant group. The white share increased from 18 to 34 percent in Takoma, from 71 to 79 percent in Capital Hill, and from 53 to 63 percent in Mount Pleasant.

This increase in the high-income and white share of borrowers is also evident in the Southeast, but not nearly so dramatically. Using the same two time periods, the percentage of high-income borrowers in the Deanwood group climbs from 2 to 4 percent; white borrowers increase from 4 percent to 6 percent. In the Ivy City group, the trends are a bit stronger: The high-income share goes from 5 percent to 8 percent, and the white share from 12 to 18 percent.

In the remaining two groups in the typology (Downtown and Cleveland Park), white borrowers were already dominant, and the numbers have not changed much recently. As for high-income borrowers, in Downtown their share of home purchases increased from 38 to 43 percent; in Cleveland Park, the increase was slight, from 70 to 72 percent.

Conclusion

Even more than last year, the data show that Washington, D.C., is not only participating in the impressive economic performance of its region but is, in many ways, now playing a leading role. As property values rise, substantial wealth is generated. Homeowners tap into newfound equity. Business booms. However, there is no evidence that the city has yet found a way to channel the benefits of the boom more inclusively, more equitably, or in a manner that increases the number of beneficiaries. More than ever, it is clear that the city's overall prosperity does not yet mean prosperity for all. In particular, the people of the city's poorest neighborhoods are not measurably better off than they were in 2000. In fact, rampant housing price inflation is creating serious new pressures for many families already severely under stress.

Although increasing numbers of whites and high-income households are living almost everywhere in the city, their numbers, in most neighborhoods, are still quite small. Even in the hottest neighborhood markets, they are not dominant. Thus, there should still be time to find ways to create and sustain diverse neighborhoods while rewarding rather than penalizing the families now living there. Opportunities that arise in the intersection between housing and school policies, as discussed in the remainder of this report, warrant priority in this regard.



Chapter 3

Housing Market Update

Last year's review of regional housing market trends described the rapid escalation of sales prices, which increasingly limits choices for potential home buyers. Parallel cost pressures were evident in the rental market, with new privately produced apartments serving higher-income renters and subsidized housing disproportionately concentrated in weaker areas. This year's update describes a slowing home sales market, tightening rental market conditions, and intensifying affordability challenges in the District of Columbia.

Sales Market Moderates Slightly

Homeownership rates showed little change between 2004 and 2005, ending at 68 percent for the metropolitan area and 46 percent for the District. Regionwide, most new housing construction targets home buyers rather than renters. Specifically, permits for single-family homes, almost certainly destined for the homeownership market, accounted for seven of every 10 permits in 2005. And given the growing role of condominiums in the regional market, many of the multifamily units permitted in 2005 will also add to the supply of for-sale housing.

Over the next three years, 50,979 new or converted condominiums units are expected to come to market regionwide, including 20,513 currently on the market and another 30,466 under construction and planned.¹⁵ This rapid expansion of the condominium supply will have

an especially strong impact on the District and the Inner Core, where the new production represents about a 10 percent increase in the total number of owner units. In addition, Prince George's County accounts for a rapidly growing share of the region's condominium market. Specifically, while only 6 percent of the unsold condominiums on the market today are located in Prince George's County, 17 percent of the planned units will be located there. This signals progress towards more balanced production between the eastern and western sections of our region, a step encouraged by area housing advocates and in previous editions of *Housing in the Nation's Capital*.

The rapid growth in condominium supply results not only from new construction but also from the conversion of existing rental properties to condominiums. Across the region, the number of conversions grew by

80 percent between 2004 and 2005, reaching 11,700 in 2005. And in the District, 2,300 rental units were converted to condominiums in 2005, four times the 2004 number.¹⁶

Despite the ramp up in production over recent years, the demand for homeowner housing continues to exceed supply. The region's homeowner vacancy rate declined from 1.7 percent in 2004 to 1.3 percent in 2005. And the District's homeowner vacancy rate, which ranged from 3 to 4 percent during the late 1990s, fell for the fourth year in a row to 2.0 percent. The District's recent experience runs counter to the trend in other central cities nationwide, which have seen flat or increasing homeowner vacancy rates since 2001.¹⁷

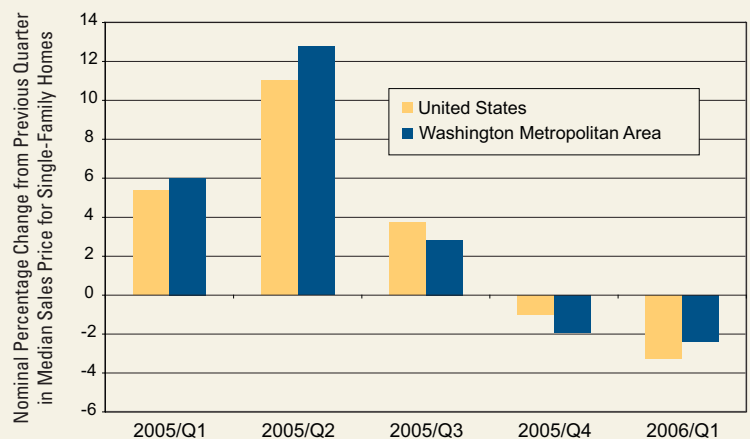
Lower vacancy rates help explain rising home sales prices across the region. The median price for an existing single-family home in the metropolitan area soared to \$425,800 in 2005, up 21 percent from 2004 after controlling for inflation.¹⁸ This rate of increase was 2.5 times the national average and ranked 15th among the 154 metropolitan areas that provided price information. The median price for existing condominiums rose 24 percent to \$295,900, a faster rate of growth than all but three metropolitan areas in the country — Phoenix, Tampa, and Honolulu.

Household incomes did not keep pace with the upsurge in home prices, exacerbating the already troubling affordability problems documented in earlier reports. To monitor affordability trends for metropolitan areas, the

National Association of Home Builders publishes the Housing Opportunity Index, defined as the percent of new and existing home sales affordable to families earning the median income. The index held steady from the late 1990s until 2002, with about three-quarters of the sales affordable to a median-income family. This trend then changed dramatically, as the share fell to 62 percent in the first quarter of 2004. The share then plummeted to 24 percent in the first quarter of 2006, with the median home price jumping up 56 percent and income rising by only 3 percent.

This mismatch between home prices and incomes may be contributing to a slowdown in the sales market. Breaking down regional price trends by quarter reveals a more complex pattern than the escalation described above. Figure 3.1 shows that the gains in existing single-family home prices occurred in the first half of 2005, with much slower growth in the third quarter and actual price

FIGURE 3.1: Regional Home Sales Market Softens for Single-Family Homes



SOURCE: Data from National Association of Realtors.

declines in the fourth quarter. These declines continued in the first quarter of 2006, mirroring the national trend for single-family sales. The story differs slightly for condominium prices (Figure 3.2), which grew at rates that far surpassed national trends for the first three quarters of 2005, but then declined more rapidly than the nation during the fourth quarter.

A reduction in the number of home sales accompanied the slowdown in prices. More than 113,500 existing homes sold in the metropolitan area in 2005, 3.3 percent below the 2004 volume.¹⁹ The drop in sales was limited to single-family homes, with condominium sales remaining steady. The sales reductions occurred primarily in the Inner Core and Inner Suburbs, with the drop in Fairfax County accounting for two-thirds of the total decline. The Outer and Far Suburbs accounted for almost 37 percent of all sales, compared with

only 28 percent in 1999, reflecting the continuation of sprawling development patterns.

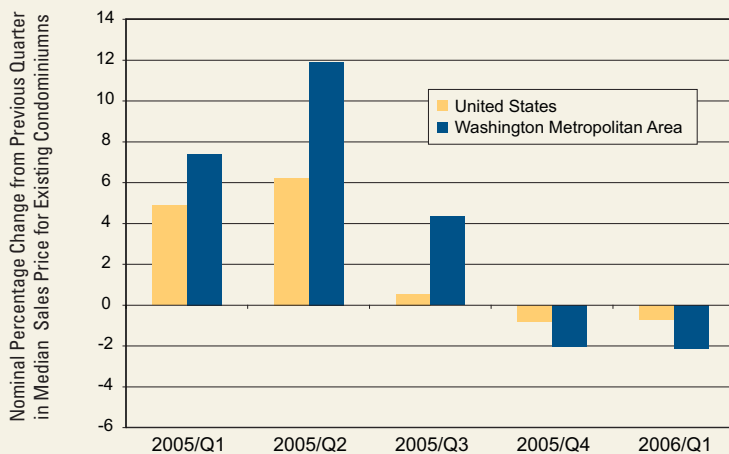
The price declines occurring in the final quarter of 2005 warrant concern but are relatively small compared with the increases that occurred earlier in the year. During what appears to be a market slowdown, individual homeowners who bought at the peak may suffer if they have to move in the short term. Others who may be at risk are households that chose interest-only loans, counting on refinancing after a few years of extreme appreciation. But most homeowners in the Washington metropolitan region are likely to see rising house values, despite a deceleration in the pace of growth.

Prices Still Climbing in Most District Neighborhoods

In the District of Columbia, the total sales volume grew by 6.7 percent from 2004 to 2005, with increasing condominium sales more than making up for a 9.3 percent drop in single-family sales. But as in the metropolitan area as a whole, the city's sales market weakened somewhat in the last quarter. Specifically, single-family sales in the fourth quarter of 2005 were 18 percent lower than for fourth quarter of 2004, and condominium sales were down 31 percent.²⁰ In addition, real estate agents report increased listings and longer days on the market.

But home sales trends differ dramatically across District neighborhoods. Between 2004

FIGURE 3.2: **Regional Home Sales Market also Softens for Condominiums**



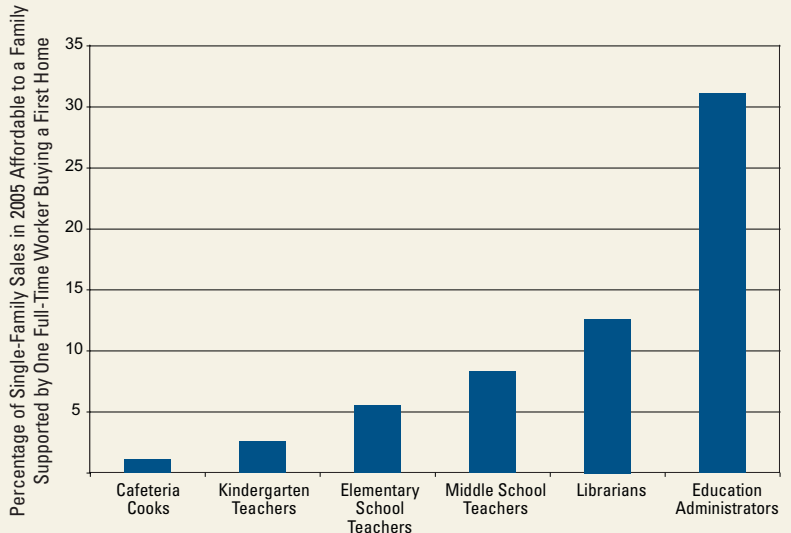
SOURCE: Data from National Association of Realtors.

and 2005, the volume of sales fell substantially in all of the neighborhood clusters belonging to the hot Logan Circle Group, while the condominium explosion in Downtown (cluster 8) almost tripled its total annual sales volume, with an absolute increase of 600 sales.

The median price of all single-family homes in the District climbed to \$415,000 in 2005, up 21.6 percent in real terms over 2004. The hot market sharply reduces the options for first-time home buyers, including families supported by employees of the public school system (Figure 3.3). For example, a family supported by a full-time cafeteria cook is almost totally shut out of the market, and one supported by a middle-school teacher could afford only 8 percent of the single-family homes on the market in 2005 as a first home.²¹ And even an education administrator earning an average of about \$95,000 could afford only three out of 10 single-family homes sold in 2005.²²

Again, however, trends vary dramatically across District neighborhoods. Among clusters with more than 20 sales, the change in single-family sales prices between 2004 and 2005 ranged from a low of only 4.0 percent in Dupont Circle (cluster 6) to 48.9 percent in Mayfair (cluster 30) after inflation. After several years in which neighborhoods in the center of the city led the hot sales market, the areas of rapid price appreciation now appear to be shifting eastward. Specifically, clusters east of the Anacostia River experienced both the

FIGURE 3.3: District Offers Limited Affordable Housing Options for School Workers

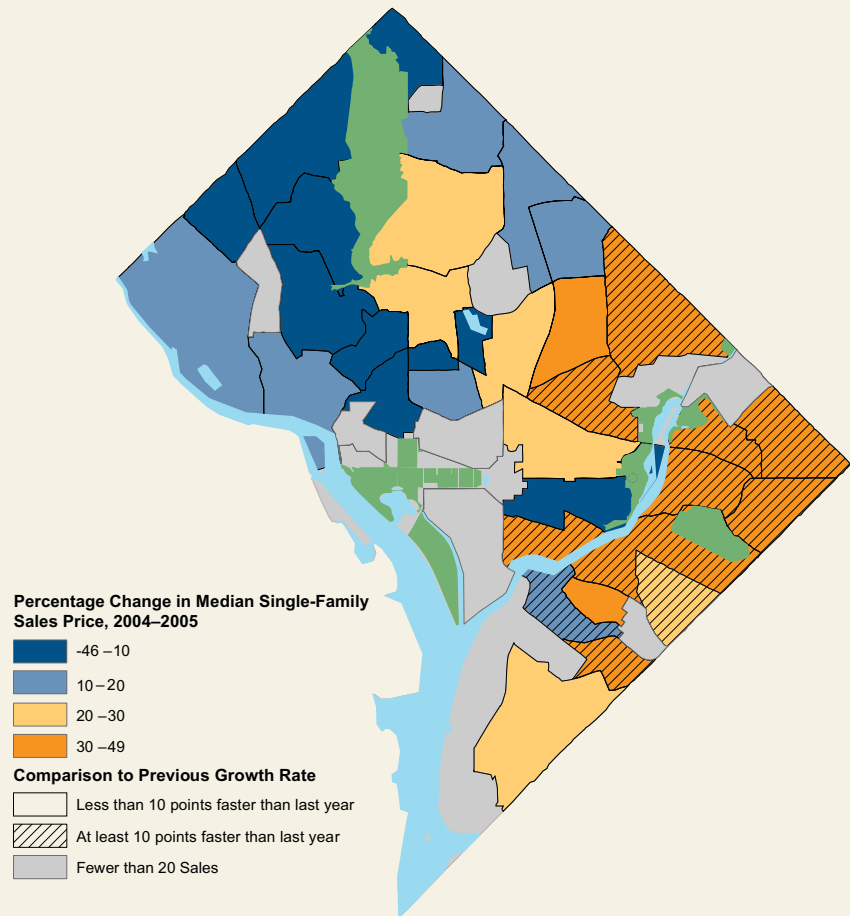


SOURCES: Data from State Occupational Employment Statistics and District of Columbia Real Property Assessment File.

highest rates of increase from 2004 to 2005 and the greatest acceleration relative to earlier years (Figure 3.4). It is important to note, however, that despite these recent increases, the prices in these clusters remain far more affordable than in other parts of the city. The median sales price for single-family homes in Mayfair (cluster 30), for example, shot up to a historic high of \$188,000 in 2005, still far below the \$482,000 median price in Logan Circle (cluster 7).

Condominiums continue to play a major role in the District housing market, accounting for 49 percent of the home sales in 2005 compared with just 41 percent in 2004. The median price for condominiums in the District reached \$369,000 in 2005, up 14.8 percent over the year before after inflation. Again, however,

FIGURE 3.4: **Price Acceleration Shifting to East**



SOURCE: Data from District of Columbia Real Property Assessment File.

trends vary dramatically across the city. Four clusters saw inflation-adjusted prices decline — two in higher-priced clusters (Capitol Hill, Georgetown) and two in lower-priced areas (River Terrace and Sheridan).

Shrinking Rental Options Regionwide

The region’s stock of rental housing declined over the past year, as multifamily properties were converted to condominiums and relatively few new rental units were produced.

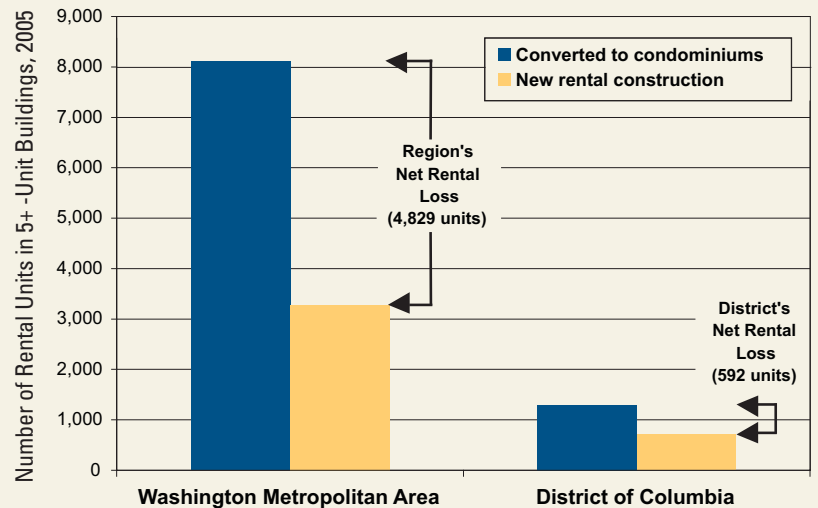
In 2005, developers added 3,284 new rental apartments in buildings with five or more units — less than half the number added in 2004.²³ Moreover, 8,113 existing rental units were converted to condominiums, resulting in a net loss of more than 4,800 units (Figure 3.5). This loss represents a dramatic change from the previous five years, during which the region’s rental housing supply grew. The District of Columbia lost 592 rental units in

2005 — the result of 1,300 condominium conversions and only 708 new additions to the stock. As of January 2006, almost 5,500 rental units were under development region-wide, with 580 of those in the District.

Not surprisingly, the reduced supply of rental housing yielded a tighter rental market in 2005. Rental vacancy rates in the Washington region dropped to 7.1 percent, a sharp decline of three percentage points from the year before. The District's rental vacancy rate also plummeted — from 11.3 percent in 2004 to 7.7 percent in 2005. Historically, rental vacancy rates in the city have been substantially higher than those in the metropolitan area as a whole, but this no longer holds true.

Rising rents reflect the mismatch between rental housing supply and demand. The metropolitan average rent for apartments in buildings with five or more units rose to \$1,179 at the end of 2005, up 1.4 percent after inflation from the year before. Over the same period, the District's average rent climbed even faster (3.0 percent) to \$1,321.²⁴ The earlier discussion demonstrated the difficulties school employees would have in purchasing a first home. The District's high rent levels also create serious affordability challenges for many working families. For example, the average rent in the city is almost twice what a family supported by a full-time cafeteria cook could afford and 12 percent more than what a family supported by an elementary school teacher could afford.

FIGURE 3.5: **Rental Stock Shrinks in Region and the District**



SOURCE: Data from M/PF Yieldstar.

Affordability and the Growing Importance of Subsidized Housing in the District

Federal and local subsidies have always played an important role in expanding affordable rental housing beyond what the private market offers, but a fast-paced market elevates their significance. Current District efforts include major redevelopment of distressed public housing, preservation of subsidies for existing private rental units, support of new affordable construction, and provision of homeless shelters and services.

The District of Columbia Housing Authority (DCHA) has taken full advantage of HOPE VI, a federal program offering grants to transform severely distressed public housing into healthy, mixed-income communities. From 1993 to 2003, DCHA won six redevelopment grants.

The latest project, Eastgate Gardens, is targeted for completion in 2008. As described in previous editions of this report, the program will sharply reduce the availability of deeply



subsidized housing, replacing only about one-third of the original 2,900 public housing units. Combined with 1,692 set-aside rental and homeownership homes, three of every four units in the new developments are slated for low- to moderate-income households. While the future of the federal

program is uncertain, the District has incorporated the HOPE VI principles of mixed-income development into the city's New Communities initiative for the Northwest One/Sursum Corda and Barry Farm areas.

As one example of how the program can transform a neighborhood, the redeveloped Henson Ridge HOPE VI (formerly Frederick Douglass Homes and Stanton Dwellings) in Douglass (cluster 38) welcomed its first new residents in summer 2005. This has been one of the most severely distressed areas of the city, where almost half of the households were poor and about one-third of all adults unemployed in 2000. The new development replaced 650 units of public housing with 600 mixed-income units — 54 public housing units, 436 homes targeted for low- and moderate-income

occupancy (both rental and homeownership), and about 110 market-rate homes. This development alone, when completed, will move the cluster's homeownership rate from 13 to 22 percent. The number of sales in the cluster almost doubled from 2004 to 2005, with the median price moving from \$141,000 to \$194,000. From the start, plans for Henson Ridge recognized the importance of educational offerings to the success of the community. Two early-childhood development centers include a day care facility and a Head Start program, and the adjacent Turner Elementary School was rebuilt in 2003 as a state-of-the-art facility. Across the river, DCHA has already broken ground on the next HOPE VI location, Arthur Capper/Carrollsborg, which will be one of the few HOPE VI developments in the country with one-for-one replacement of all original public housing units.

Another important affordable housing resource is the stock of private rental units subsidized by the federal government through Section 8 and related programs. The majority of the long-term contracts between the owners and the federal government are due to expire over the next few years, placing the affordability of these units at risk. The District of Columbia had 10,959 federally assisted units as of April 2006, with the contracts of one-third scheduled to expire in the remainder of 2006.²⁵ Owners of these units have mostly opted for short-term renewals to date, with-

drawing less than 10 percent of the 4,890 units with contracts that expired between April 2005 and March 2006. However, three clusters are particularly vulnerable to the effect of these expirations. Columbia Heights (cluster 2) possesses the largest number of federally assisted units (1,703, or 16 percent of all multifamily subsidized units). More than half of these units have expiration dates before March 2007, and the hot market in that cluster will certainly factor into owners' decisions. Federally assisted units account for four out of 10 rental units in Woodridge (cluster 24) and three of 10 rental units in Downtown (cluster 8), with substantial shares of the subsidized units in both clusters coming up for expiration before March 2007.

Along with the D.C. Housing Authority, other city agencies have boosted their efforts to subsidize affordable housing development, using tax-exempt bonds as well as federal funding such as the Low-Income Housing Tax Credit program. From 2000 to 2005, city and federal programs subsidized construction and rehabilitation of 13,200 units, 30 percent of which were net additions to the housing stock. These investments focused on low-income rental housing, with 85 percent of the units slated for rental and 90 percent targeted for families earning less than 60 percent of the area median income. The city has an additional 2,330 new units in the pipeline, with six of 10 slated for the Capper/ Carrollsburg site.

The city, working in partnership with non-profit organizations, also supports shelter and services for homeless individuals and families. The shortage of affordable housing citywide certainly contributes to homelessness, a problem often compounded by substance abuse, domestic violence, and work skills deficits. The number of homeless people in the region rose by 5.8 percent in the past year, reaching 12,085 in January 2006.²⁶ Homeless individuals accounted for all of the increase, with the number of homeless in families decreasing slightly. The District's total count stood at 6,157 this year, about two-thirds homeless individuals and the rest families. The total count is up 2.2 percent from 2005, with an increase of 8.4 percent in homeless individuals offset by a similar percent



decrease in homeless persons in families. The Council of Governments attributes the declining number of homeless families not to a reduction in need, but to the care system's success in housing more families. But the need still far outstrips the assistance available. As of July 2006, five locations provided 171 units of emergency family shelter, with the tight housing market increasing the difficulty of moving families from emergency to



permanent housing. Generally, 130 to 150 families at imminent risk of homelessness are on the waiting list.

The trauma of homelessness profoundly affects children's education.²⁷ Nationally, almost 70 percent of homeless children transfer schools at least once each year, and one-quarter attend three or more schools within one year.²⁸ With each transfer, children fall four to six months behind academically. DCPS recognizes the special challenges these students face, and in 1989 established a Homeless Children and Youth Program. The program served more than 1,700 DCPS and charter school students in 2005 by offering school supplies, after-school tutoring at homeless shelters, transportation subsidies, and technical assistance to DCPS principals and other school staff working with homeless students.

Conclusion

Although the home sales market has softened somewhat in recent months, low- and moderate-income households continue to face serious affordability challenges. For those who rent, restricted supply and a focus on luxury housing will continue to push rents up and stretch family budgets. To address these issues, the final report of the Comprehensive Housing Strategy Task Force — titled *Homes for an Inclusive City* — recommends that the city double its funding for affordable housing, preserve at least 30,000 existing affordable homes, and increase total housing production by 55,000 units over the next 15 years.²⁹ While these goals are ambitious, the mayor's budget adopts many of the Task Force recommendations, including a doubling of local funding for the preservation and production of affordable housing. Moreover, the Office of Planning estimates that 37,500 housing units are planned or proposed over the next 10 years. This boost in supply could reinforce the early signs we see of a more restrained housing market. As the next chapter will discuss, decisions about the characteristics of these new units — tenure, size, affordability, and location — will have a direct impact on the future of the District's public school system and its vision of a city that welcomes families with children.



Chapter 4

Schools and Changing Neighborhoods

Changing conditions in the District of Columbia’s housing market are closely intertwined with the public school system. The quality and affordability of available housing influence the types of households choosing to live in the city at the same time that perceptions of school quality affect family decisions about where to live and whether to stay. Moreover, neighborhood revitalization can drive demand for school improvement — and, conversely, a high-performing school can serve as a catalyst for neighborhood revitalization. This chapter focuses on the District’s public school system — including both DCPS and public charter schools. We describe recent investments in the public schools, enrollment trends, school performance, and evolving patterns of school choice across the city’s neighborhoods.

Increasing Investments in Washington, D.C., Schools

The District of Columbia’s public school system includes two types of public schools: the District of Columbia Public Schools (DCPS) and public charter schools. DCPS, the traditional public school system, is headed by a school superintendent who is appointed by the District of Columbia Board of Education, the official policy-making body.³⁰ As of October 2005, 180 DCPS schools served about 59,900 students.³¹

Public charter schools first opened in the District in 1996 after passage of the District of Columbia School Reform Act, which authorizes individual groups to apply for charter school status. Public charters are publicly funded; District students do not pay tuition to attend.³² And like

traditional DCPS schools, public charters must accept all students. As of October 2005, 51 charter schools operated on 65 campuses.³³ Two organizations have the authority to grant charters; the Public Charter School Board has jurisdiction over about two-thirds of the charter school locations, while the District of Columbia Board of Education oversees the remaining locations. Enrollment for public charter schools totaled 16,530 students as of December 2005. Schools of both types offer early education (preschool and prekindergarten) as well as kindergarten through 12th grade instruction.³⁴

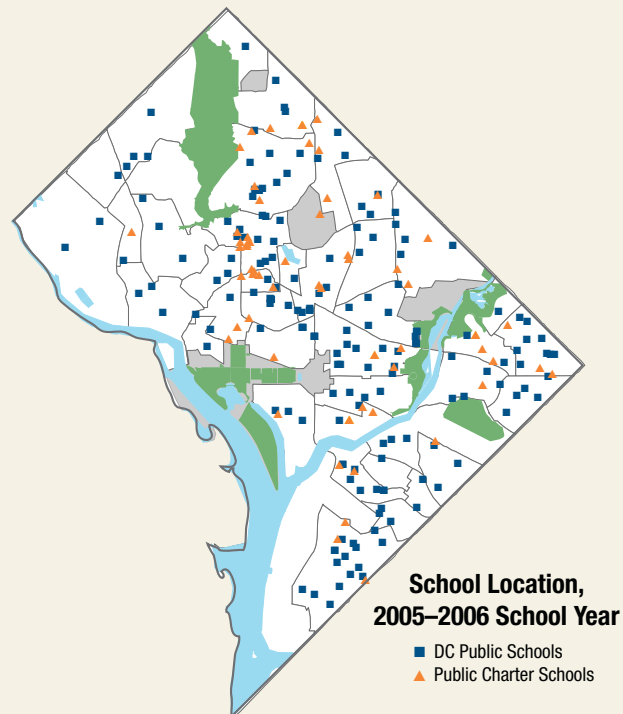
Both DCPS and public charter schools can be found throughout the city, but their geographic distribution differs (Figure 4.1). DCPS schools are located in all but one neighborhood cluster,

although there are significantly fewer west of Rock Creek Park (reflecting the fact that fewer children live there).³⁵ Most of the city's public charter schools are located east of Rock Creek Park and west of the Anacostia River. Only one charter school is located west of Rock Creek Park; 14 are east of the Anacostia River.

Public school facilities in the District are widely considered to be in poor physical condition, the result of years of deferred maintenance. In 1995, 91 percent of DCPS schools reported some type of building inadequacy and more than a quarter of these schools reported having five or more unsatisfactory environmental conditions.³⁶

To rehabilitate outdated facilities, DCPS invested more than \$404 million from 1995 to 2004 for school construction, an average of \$584 per DCPS student annually.³⁷ While the bulk of facility spending went toward primary schools (62 percent), on a per-student basis more dollars were spent on high schools.³⁸ Annual per-student spending on high schools averaged \$693 compared with \$484 per primary student and just \$410 per middle school student. Although complete data on school construction are available only for DCPS projects, other sources indicate significant investments in public charter school facilities as well.³⁹

FIGURE 4.1: **DCPS More Dispersed Than Charters**



SOURCES: Data from District of Columbia Office of the Chief Technology Officer and the District of Columbia Public Schools.
NOTE: The map includes the locations of multiple campuses and special programs.

About three-quarters of the DCPS investment occurred between 2000 and 2004, reflecting increased outlays to completely replace old schools. Since 2000, DCPS has spent \$233 million to replace 12 schools, an average of \$693 per student per year.⁴⁰ As a result, overall school construction investment was \$905 per student between 2000 and 2004, up from just \$262 between 1995 and 1999.

The distribution of individual facility investments varied widely across city neighborhoods from 1995 to 2004. Eleven of the city's 38 neighborhood clusters with schools received no investment, while six clusters received more than \$10,000 per student.⁴¹ For example, Fairfax Village (cluster 35), located east of the Anacostia River, saw \$19.5 million invested in the replacement of Randle Highlands Elementary, which enrolled 456 students in 2005–2006, while the three DCPS schools in River Terrace (cluster 32), also east of the Anacostia River, saw no major facility improvements. These disparities reflect the nature of facility investments as intense infusions focused tightly in particular schools; not every school can be (or necessarily needs to be) renovated during a 10-year period. Nevertheless, while recent increases in facility investment show an important commitment to improving the city's public schools, this variation demonstrates that many schools and neighborhoods have yet to see any benefit.

School Performance Varies Widely

Although many other central cities across the United States have troubled public school systems, the District's public schools perform poorly by national standards and compared with other urban school districts.⁴² In accordance with federal No Child Left Behind mandates, DCPS and public charter schools regularly test students to assess performance. For this analysis we used the weighted average adequate yearly progress (AYP) test scores of schools for students in grades three through 11.⁴³ As of 2003–2004, the average DCPS student attended a school in which half of the students (50.9 percent) met or exceeded the proficiency standards for math, and less than half (42.3 percent) met or exceeded the applicable standards for reading. Average test scores in math were about the same for the public charter schools, with 51.1 percent of students at or above proficiency, but lower in reading (38.6 percent). Other research, using 2004–2005 test scores for a smaller subset of schools, finds that public charter schools perform better than DCPS schools on average, with math proficiency rates about 10 points higher and reading proficiency rates six points higher.⁴⁴

Some DCPS schools perform very well: 13.6 percent of DCPS students attend schools with reading proficiency rates above 70 percent, and 19.1 percent attend schools with equally high math proficiency scores. But other DCPS schools perform extremely poorly: 4.2 percent

of DCPS students attend schools with reading proficiency rates below 10 percent, and 2.5 percent attend schools with math proficiency scores at that level. Public charter schools are less likely than DCPS schools to have extremely low proficiency rates, but are also less likely to have extremely high rates. No public charter school has math proficiency scores below 10 percent and only 2.5 percent of the charters have reading proficiency scores that low. But at the same time, only 14.8 percent of public charter students attend schools with math proficiency scores above 70 percent, and only 2.5 percent attend schools with reading proficiency scores at that high level.

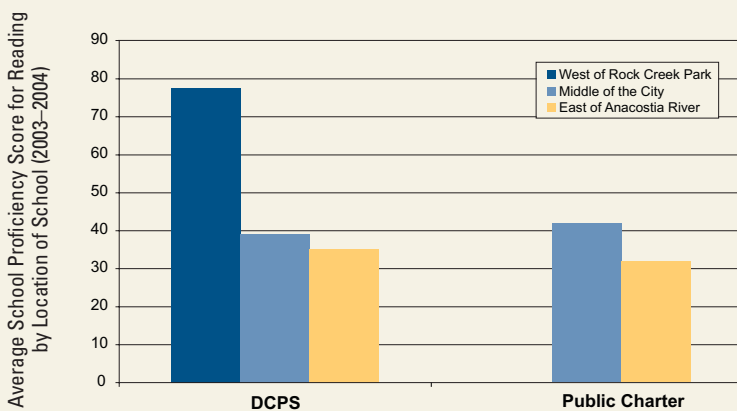
Not only does the performance of DCPS and public charter schools differ, but performance among DCPS schools varies widely across the city's neighborhoods (Figure 4.2). Standardized

test scores for DCPS schools are highest west of Rock Creek Park: 78 percent of students in upper northwest schools are proficient or advanced in reading, and 82 percent are proficient or advanced in math. Scores are even higher for DCPS schools in some clusters. In West End (cluster 5), Friendship Heights (cluster 11), and Spring Valley (cluster 13), for example, DCPS schools have proficiency scores above 90 percent for both reading and math. DCPS test scores are much lower for most schools elsewhere in the city and are generally lowest for schools located east of the Anacostia River. DCPS schools in Douglass (cluster 38), for example, have proficiency scores of 28 for reading and 33 for math.

Public charter school performance also varies across neighborhoods, especially with respect to reading scores. On average, in charter schools east of the Anacostia, 32 percent of students meet or exceed the reading proficiency standards, and 52 percent meet or exceed the math standards. Public charter schools in the rest of the city average 42 percent proficient or advanced in reading and 51 percent proficient or advanced in math.

Standardized test scores are by no means the best measures of educational quality. Many factors that are not reflected in test scores contribute to the quality of education a child receives. And children's needs vary, so that a school that performs effectively for one child may not be a good match for another. But in

FIGURE 4.2: Standardized Test Scores Highest in Schools West of Rock Creek Park



SOURCE: School-level performance data from the District of Columbia Public Schools, District of Columbia Board of Education, and the Public Charter School Board.

NOTE: As of 2004, there were no public charter schools west of Rock Creek Park. A school's proficiency score is defined as the percent of students scoring proficient or higher on the appropriate standardized test for their grade level (grades 3 through 11).

addition, research clearly demonstrates that the strongest predictors of test scores are family income and education levels.⁴⁵ Thus, in a city like the District of Columbia, with high levels of economic segregation, schools that primarily serve children from low-income and less-educated families typically have low test scores, while those serving more privileged children have higher test scores.

The District government clearly recognizes the need to improve the public school system. Under the direction of the District of Columbia Board of Education and with broad community input from such groups as the DC Education Compact, DCPS is undergoing a major restructuring. In 2000, the Board of Education approved a Master Facilities Plan, which was revised in 2003 and is being revised again in 2006. Goals for the current plan include facility modernization and “right-sizing” schools to match student enrollment. The right-sizing involves closing some schools and leasing extra space to public charters. As of summer 2006, six schools have been designated for closure, six have been identified for co-location, and three schools have been designated for right-sizing (or reducing excess space).⁴⁶

The Board of Education is also developing a strategy for improving academics at DCPS schools. A Master Education Plan adopted in February 2006 highlights eight priority areas for improvement. The Plan focuses on creating challenging academics, providing high-quality

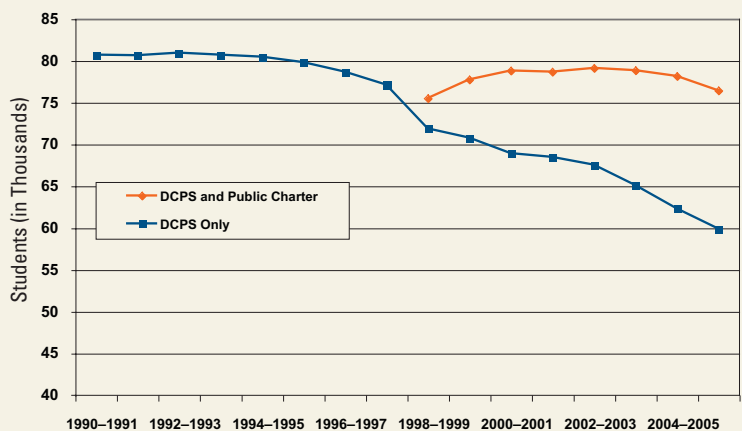
teachers and principals, increasing non-academic supports for students outside the classroom, and implementing an accountability system for the central administration.

Public School Enrollment Holding Steady

Contrary to conventional wisdom, the District’s public school enrollment (including DCPS and public charter schools) has remained relatively steady over the past 15 years, declining by 2 percent between 1990 and 2002 (Figure 4.3). However, enrollment has dipped in recent years — dropping by 3.4 percent between 2002 and 2005. Census data indicate that the share of District children attending private schools stayed about the same between 1990 and 2004 (approximately 18 percent).⁴⁷

However, enrollment in DCPS schools has declined by 26 percent since 1990. Between 1990 and 2000 the number of DCPS school

FIGURE 4.3: Total Public School Enrollment Holds Steady



SOURCE: Data from DCPS enrollment for 1990 through 2004 from the D.C. Kids Count Book (12th Annual Fact Book, 2005); 2005 DCPS enrollment from the District of Columbia Public Schools; D.C. public charter school enrollment from the D.C. Public Charter School Association.
NOTE: 1997 public charter school enrollment data is not available.

students dropped from 80,700 to 68,900, and enrollment has since plunged to 59,900 students. In contrast, the number of students attending public charter schools has skyrocketed since their inception. In 1998, 3,600 students attended 17 public charter campuses. By 2005 that number had climbed by 360 percent to 16,500 students at 65 charter schools.⁴⁸ As of 2005, public charter students accounted for 22 percent of the District's public students.

The majority of District public school students are African-American (84.2 percent), with public charter schools serving a higher percentage of black students (88.6 percent) than DCPS schools (82.9 percent). The reverse is true for Hispanic and white students. Specifically, Hispanics make up 9.9 percent of DCPS students but 8.4 of the public charter students, while whites make up 5.4 percent of DCPS students but only 1.8 percent of charter students. Moreover, the District's public school children are not distributed evenly across the city. Close to half of all public school students live in neighborhoods east of the Anacostia River (44.3 percent), while fewer than 5 percent live west of Rock Creek Park.

The District's public schools are quite highly segregated along lines of race and ethnicity. Among DCPS schools, the average black student attends a school that is 87 percent black, 9 percent Hispanic, and 3 percent white; the average Hispanic student attends a school

that is 75 percent black, 17 percent Hispanic, and 5 percent white; and the average white student attends a school that is 62 percent black, 12 percent Hispanic, and 21 percent white. At public charter schools, on the other hand, the average Hispanic or white student attends schools with much higher proportions of black students (83 and 82 percent, respectively).

The racial composition of both DCPS and charter schools varies substantially across the city, reflecting (in part) the composition of the neighborhoods in which they are located. On average, schools located in neighborhoods west of Rock Creek Park are 36.8 percent white, 41.7 percent African-American, and 13.8 percent Hispanic.⁴⁹ In contrast, students attending schools in Mount Pleasant (cluster 2) are 43.0 percent Hispanic, 50.3 percent African-American, and 2.9 percent white. Students attending schools east of the Anacostia River are virtually all African American (98.4 percent).

School Choice Varies Across District Neighborhoods

The combination of DCPS and public charter schools offers District families considerable choice about where to send their children to school. For most DCPS schools, enrollment in a neighborhood school is guaranteed for students living within the school's official attendance boundaries, although students outside a school's boundaries may also apply for admission.⁵⁰ Many DCPS students take advantage of this flexibility, with almost half

choosing schools other than their neighborhood school.⁵¹ Public charter schools are required to serve students from anywhere in the city, using a lottery system when applications exceed capacity.

The students choosing public charter schools are primarily black and lower-income. Specifically, 22.8 percent of African-American students attend charters, compared with 18.9 percent of Hispanics and only 8.7 percent of whites. In addition, students attending public charter schools are more likely than DCPS students to qualify for free and reduced-price lunch: 62 percent of DCPS students qualify for free and reduced-price lunch compared with 73 percent of public charter students.⁵²

The choice between DCPS and charter schools also varies widely among the District's neighborhoods. Students living east of the Anacostia are the most likely to attend public charter schools, while those living west of Rock Creek Park are the least likely. As Figure ES.4 illustrates, the share of the public school students living in a cluster who attend a charter school ranges from a low of zero (in West End — cluster 5) to nearly 28 percent (in River Terrace —cluster 32).

Many factors influence a family's choice of school: perceptions of school quality and the suitability of the curriculum to a particular child's needs, school demographics, safety, sibling enrollment, and convenience to home or work. In general, families living in areas served by

high-performing DCPS schools are less likely to send their children to charter schools than those living in areas served by low-performing DCPS schools. Less than 1 percent, for example, of public school students who live in Spring Valley/Palisades (cluster 13) — a neighborhood with high-performing DCPS schools — attend charter schools.

In contrast, public charter school attendance is highest among students living in neighborhoods east of the Anacostia River and in

Northeast, where the performance of DCPS schools is much lower. Although we cannot document all the factors influencing school choice, the patterns suggest that families are choosing charters in hopes of having their children attend higher-performing schools.

For example, 23 percent of public school students who live in Douglass (cluster 38) attend charter schools. On average, these children attend schools where math proficiency scores are 12.5 points higher and reading proficiency scores 7.3 points higher than the DCPS schools of children from the same neighborhood.

One would naturally expect DCPS students to travel shorter distances from home to school



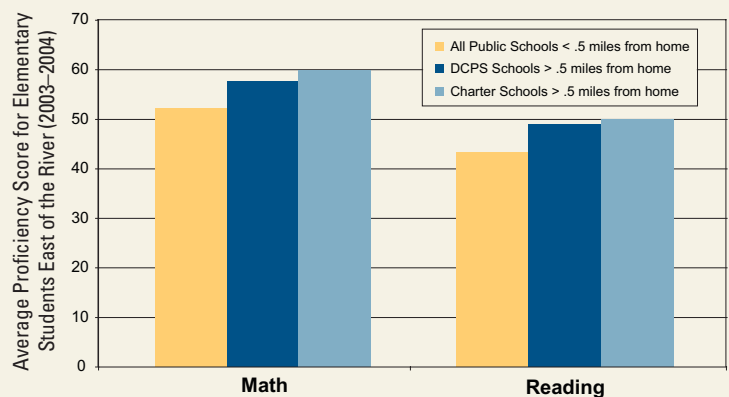
than charter students, since DCPS students are guaranteed a space in their neighborhood school, and public charters must accept students citywide. What is surprising is how much farther charter students travel to attend school.⁵³ The median distance between home and school for DCPS elementary school students is one-third of a mile. Public charter elementary students travel more than four times that distance, averaging 1.5 miles. Public charter elementary school students' median travel distance is actually higher than the average distance for DCPS high school students.⁵⁴ Middle school charter students travel 3.2 times farther than their DCPS counterparts, and high school charter students travel 1.8 times farther.

Public charter students who live east of the Anacostia River travel farther to school than charter students in most other neighborhoods. This reflects the fact that about 80 percent of charter schools are located west of the River (in the central portion of the city), even though 46 percent of charter school students live east of the River. In eight of the 11 neighborhood clusters located east of the Anacostia River, public charter students travel an average of more than two miles to school.

Students who live east of the Anacostia River and travel long distances (to either DCPS or charter

schools) are attending higher-performing schools on average than those who stay closer to home. Specifically, elementary DCPS and charter students who live east of the Anacostia and travel more than half a mile attend schools with proficiency scores that are on average six points higher than the schools attended by elementary students who remain within a half mile of their homes (Figure 4.4). Students living in other parts of the city who travel long distances to DCPS schools also see gains in proficiency scores, but those traveling to charter schools do not. Although there is no standard governing the appropriate length of travel between home and school, these data suggest that a substantial share of District families are opting to send their children fairly far away from home in hopes of obtaining higher quality schools.

FIGURE 4.4: East of the River Elementary Students Travel Long Distances to Attend Higher-Performing Schools



SOURCES: School-level performance data and student-level enrollment data from the District of Columbia Public Schools, District of Columbia Board of Education, and the Public Charter School Board.

NOTE: A school's proficiency score is defined as the percent of students scoring proficient or higher on the appropriate standardized test for their grade level (grades 3 through 11).

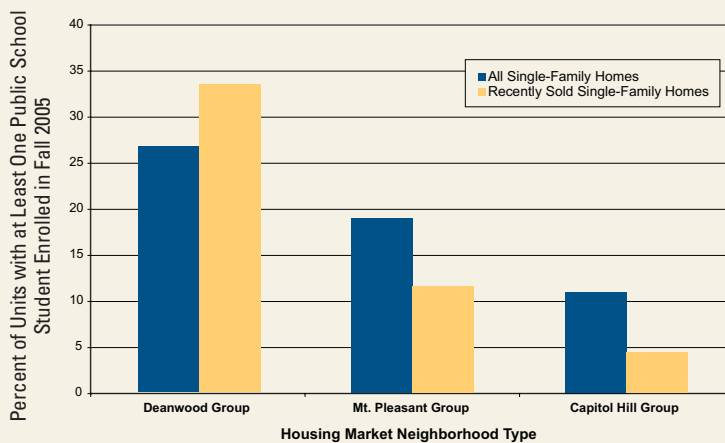
Neighborhood Change and School Enrollment

As discussed in Chapter 3, the District's housing market is booming, with new housing production at historic highs and demand from both renters and homeowners strong. However, the city's revitalization has not — as yet — attracted many families with children. Analysis of single-family homes sold within the past three years indicates that only 14.8 percent of recent buyers have at least one student in a DCPS or public charter school, compared with 17.9 percent of all single-family homes.⁵⁵ Moreover, recent home buyers in higher-priced clusters are less likely to have children enrolled in the public school system than buyers in lower-priced clusters.⁵⁶ In addition, condominiums, which account for most of the new housing now being produced, are typically occupied by singles and childless couples, not by families with children. In fact, condominiums in the District today are home to only seven public school students per 100 units, compared with 24 students per 100 multifamily rental units, and 40 students per 100 single-family homes. The small size and high price of the average condominium unit may account for the small number of children living in such units.

Recent home buyers in the city's lower priced neighborhoods are more likely to generate public school students than home buyers in higher-priced neighborhoods or those in neighborhoods that have experienced the most rapid

price increases in recent years. For example, while 19 percent of single-family homes in the Mount Pleasant group have at least one child in a public school, only 11.6 percent of recent home buyers in the group send a child to public school (Figure 4.5). On the other hand, in the more affordably priced Deanwood group, 33.4 percent of recent home buyers have a child in public school, higher than the 26.7 percent rate seen among all single-family homeowners in the group. Clusters experiencing very rapid price increases have seen low student enrollment rates fall even lower. In the Capitol Hill group, where just 11 percent of single-family homes send a child to public school, only 4.4 percent of recent home buyers do so. Declining enrollment among recent home buyers in higher-priced markets may indicate that families with children are being priced out of these neighborhoods.

Figure 4.5: Moderately Priced Neighborhoods Generate More Public School Students



SOURCE: Data from District of Columbia Public Schools, District of Columbia Board of Education, Public Charter School Board, and District of Columbia Real Property Assessment File.

NOTE: "Recently sold homes" are those with sale dates from 2003 to 2005.



Citywide, recent home buyers appear to be slightly less likely than all residents to choose public charter schools over DCPS schools. Specifically, 20.7 percent of the students in recently purchased single-family homes attend charter schools, compared with 22.5 percent of students in all single-family

homes. However, the comparisons vary across neighborhoods. Consistent with the overall pattern, students whose families recently moved to Deanwood (cluster 31) are about three percentage points less likely to choose charter schools than all students. However, in Twining (cluster 34), students whose families moved recently were actually *more* likely to select charters (by 1.8 percentage points).

Future enrollment in the District's public school system will be shaped not only by the attributes of newcomers but also by the number of births among existing households and by the decisions these families make about remaining in the city and enrolling their children in public schools. The latest information on births and subsequent public school enrollments indicates stable first-grade enrollment citywide through 2009. After significant declines during the 1990s, the number of births in the District has stabilized. While the drop in births during the 1990s may cause overall

enrollment levels to dip further as students from larger families age out of the system, the number of children entering first grade should remain steady over the next four years and could in fact rise if the public school system can increase the share of youngsters it "captures." When projecting future enrollment, school planners refer to a "capture rate" — the ratio of first-grade students to the number of births six years ago. For the District, the ratio of 1999 births to 2005 first-grade enrollment yields an overall capture rate of 70 percent, 57 percent for DCPS and 13 percent for public charter schools.⁵⁷ In general, clusters in the northwest quadrant, where homes are most expensive, have the lowest capture rates, while clusters with lower home prices, most of them east of the Anacostia River, exhibit the highest rates. For instance, 2005 first-grade enrollment in the Cleveland Park group totaled only 41 percent of 1999 births. In the Deanwood group, however, capture rates approached 100 percent. Further, clusters that have experienced the most rapid house price appreciation since 2000, such as those in the Mt. Pleasant and Capitol Hill groups, have very low capture rates, more evidence that affordability is affecting family choices.

Interestingly, several clusters were home to more first-grade public school students in 2005 than there were births in 1999. In other words, these clusters attracted more families with public school children during the past

five years. These clusters — including Eastland Gardens (cluster 29) and River Terrace (cluster 32) — share the characteristic of relatively low home prices, suggesting that families with children may have migrated here from neighborhoods in Mt. Pleasant and Capitol Hill when, starting in 1999, house prices in those areas spiked sharply upwards.

As discussed in Chapter 2, the number of births in some of the District’s neighborhood clusters rose in recent years, while other neighborhoods experienced declines. Births appear to be rising in some of the city’s most affluent neighborhoods, such as the Cleveland Park and Capitol Hill clusters, but declining in lower-income areas, including Deanwood. If the 2005 capture rates for each cluster remain essentially unchanged, the public school system can expect to see lower enrollments from lower-priced clusters and higher enrollment from higher-priced clusters. For instance, enrollments from the Deanwood and Ivy City groups would drop, while enrollments from the Takoma, Capitol Hill, and Cleveland Park groups would rise. Moreover, if the public school system increased its capture rate from neighborhoods like Cleveland Park and Capitol Hill, which historically have generated relatively few first graders relative to new births, overall enrollment could rise in the years ahead.

Conclusion

The District’s public school system faces daunting challenges — including the challenge of retaining and attracting families with children in today’s high-priced housing market. But recent trends also offer potential opportunities. If the District wants to retain and attract more families with children, it needs to ensure the availability of both affordable housing and high-performing public schools. The increase in the total number of births among families in higher-priced neighborhoods signals an opportunity to increase public school enrollment and introduce more diversity into the public school system. Capturing these new children means overcoming both the historically low capture rates in these neighborhoods and the poor performance record of the District’s public schools. While there are some high-performing schools in the District (including both DCPS and public charter schools), their waiting lists are long and families cannot be assured of an opening. More high-performing schools are needed, especially in neighborhoods east of the Anacostia River and in Northeast Washington, where most of the city’s children live.





Chapter 5

Strategic Opportunities: Strengthening Schools and Neighborhoods

The District of Columbia aspires to become a vibrant, diverse, and inclusive city — retaining and attracting a substantially larger population, revitalizing distressed neighborhoods, expanding affordable housing options throughout the city, and transforming the public school system so that it can deliver high-quality education to every child. Increasingly, policy-makers and practitioners in both housing and public education are recognizing the many ways in which their efforts are interdependent. This chapter explores strategic opportunities to link the District’s housing and schools policies over the coming years. It forecasts the implications of anticipated housing development for school enrollment patterns. And it spotlights several existing schools — including both DCPS schools and public charter schools — that illustrate the mutually reinforcing potential of strategic investments in housing and education.

New Housing Development Can Boost School Enrollment

Last year’s *Housing in the Nation’s Capital* report focused on the housing affordability challenges resulting from the District’s revitalization. We argued that the city needs to promote more housing production (including higher-density housing), preserve the existing stock of affordable housing, deploy a combination of regulatory tools and subsidies to make new and existing units affordable for lower-income households, and encourage the development of mixed-income neighborhoods.

The same basic themes were developed further in the recommendations of the city’s Comprehensive Housing Strategy Task Force,⁵⁸ and many are reflected in the Mayor’s latest budget. These housing policies could also make it easier for families with children to find affordable housing in the city and could help overcome the divisions between affluent and poor neighborhoods that contribute to the wide disparities in performance among public schools. And they have the potential to significantly expand public school enrollment in the District over the coming decade.

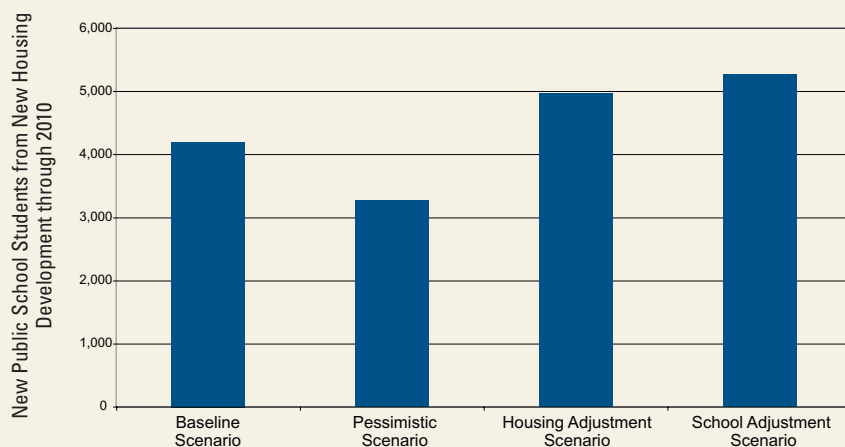
Plans are already in place for a large volume of new housing development — plans that could substantially change public school enrollment patterns. If all currently planned development occurs, nearly 30,000 units would be added to the city’s housing stock through 2010.⁵⁹ Of the new units, more than 62 percent are slated to be condominiums, 34 percent are expected to be multifamily rental units, and only 4 percent are planned as single-family homes.⁶⁰ This distribution differs substantially from the current composition of the District housing stock, which is 16 percent condominiums, 33 percent single-family homes, and 51 percent multi-family rental units.

Historically, very few families with children have occupied condominiums. In fact, condominiums are the source of only seven public school students per 100 housing units, compared with 24 students per 100 multifamily rental units and 40 students per 100 single-family homes. If we assume that households moving into new units are as likely as current residents to enroll children in the public schools, then new housing production can be expected to increase public school enrollment by 4,200 through 2010 (Figure 5.1). Under this scenario, new housing units alone would increase current public school enrollment by 5.5 percent. The biggest

increases would occur in clusters experiencing the most new development — especially Near Southeast and Downtown.

However, as discussed in Chapter 4, recent home buyers in the District have been enrolling fewer students in public schools than occupants of comparable units in the past, and changes in student generation rates vary quite substantially across the city’s neighborhoods. Many of the households most likely to prefer central-city living are singles and childless couples, but in addition, the current mix of housing types and the high cost of both rental and for-sale housing may be a deterrent for families with children. If recent trends persist, the city’s planned new housing development is likely to generate significantly fewer new public school students — only 3,300 through 2010.

Figure 5.1: New Development Shapes Future School Enrollment in the District: Four Scenarios



SOURCE: Data from Urban Institute analysis of District of Columbia Development Activity Database, December 2005.

NOTE: The Baseline scenario assumes the planned unit mix and historic ratio of students per housing unit. The Pessimistic scenario assumes the planned unit mix and fewer students per housing unit. The Housing Adjustment scenario assumes more rental development and fewer condominiums. The School Adjustment scenario assumes that improving schools attract more families.

But as part of its efforts to create vibrant neighborhoods — supporting a diversity of retail business and occupied by residents who plan to stay for the long term and have a stake in the local political scene — the city also hopes to attract and retain families with children.⁶¹ And the composition of new housing development could contribute to this outcome. Suppose that the city’s housing policies (or shifting market forces) encouraged the development of fewer small condominium units and more family-friendly apartments and townhouses. For example, if 25 percent of the units currently planned as condos were instead developed as multifamily rentals, and all units generated students at historic levels, the city could see 5,000 new public school students through 2010. Alternatively, suppose the performance of the city’s public school system improves substantially over the coming years, and more families with children find the renewed vitality of the District appealing.⁶² Enrollment could then expand by as many as 5,300 new students.

As one component of its strategy to expand housing production, the District is developing plans for “new communities” that would transform distressed subsidized housing and take advantage of large parcels of vacant or underutilized land to develop new, mixed-income housing. In all, new communities are expected to provide up to 8,200 more housing units by 2017 (beyond the housing production totals discussed earlier), housing

that could add anywhere from 700 to 1,600 new public school students.

These plans offer both challenges and opportunities for the strategic coordination of investments in housing and schools. In particular, when distressed housing developments are shut down and demolished, enrollment in the neighborhood schools may drop dramatically, contributing to performance problems and possibly even to school closure. Conversely, as new housing is developed, a high-performing school may serve as a magnet for families with children and thus help ensure the long-term health of the community. Once again, the types and affordability of new housing as well as the performance of neighborhood schools will influence the mix of residents and likely school enrollment.

High-Quality Schools Can Reshape Housing Demand

As the city works to expand affordable and family-friendly housing opportunities, improving the performance of the public school system — both DCPS and public charter schools — is essential. Unless parents can be confident that their children will attend high-quality schools, housing market strategies alone cannot attract and retain families with children. School improvement efforts should focus first on improving the quality of education for families already living in the city, especially those most at risk of poor educational outcomes.

This does not require the immediate,

systemic reform of the entire District of Columbia school system. Rather, it requires capitalizing on the opportunity created by current demographic and market trends to strengthen, one by one, a sizable number of individual schools (both DCPS and public charter schools) at the same time that more comprehensive, longer-term reform takes root. Throughout the nation, once-troubled central-city school systems are succeeding in establishing high-quality schools that effectively serve existing residents and also attract new families with children. These schools have typically emerged as the result of linked strategies that combine improvements in neighborhood housing and infrastructure with improvements in local public schools to create stable mixed-income communities. Key elements of success are thought to include active resident (especially parental) engagement, clear accountability, and highly qualified principals with sufficient autonomy and authority to overcome systemic barriers.⁶³ Prominent examples include the Kelson and Pinderhughes elementary schools in Baltimore's Sandtown-Winchester neighborhood and the Centennial Place School in Atlanta.⁶⁴

Nothing about the District suggests that such a strategy cannot work here as well. Washington, D.C. is already home to many high-performing public schools, and replicating this success should be possible in other neighborhoods currently experiencing or slated for

reinvestment. None of the examples discussed below depends on luring large numbers of families with children to move to the city. Nor do they favor potential newcomers at the expense of existing residents. Instead, they focus on improving the quality of public education for families already living here, and they rest on the premise that new enrollment will come primarily from young families that decide to stay in the city and raise their children here. Over time, if current residents, potential in-movers, and private housing developers see real evidence that new family-focused neighborhood revitalization is working, existing patterns of market demand and supply are likely to shift.

Targeted School Investments Can Help Revitalize Neighborhoods

Targeted investments to improve the performance of schools in neighborhoods where substantial numbers of students currently live could improve educational outcomes, strengthen neighborhoods, and encourage more families to remain in the city. The newly constructed Patterson Elementary School, located in Bellevue (part of the Congress Heights cluster), illustrates the complementary nature of school investments and housing investments.⁶⁵

While the new school was under construction, the neighborhood surrounding Patterson saw substantial residential investment. Bellevue is one of the city's strategic neighborhood investment areas, and the Department of Housing and Community Development has

committed more than \$7.9 million to the Bellevue Revitalization Initiative, including 78 units of affordable housing at Chesapeake Apartments and the rehabilitation of 34 units at Elmwood South Condominiums. Moreover, privately owned garden apartment developments opposite the elementary school have been renovated, and 119 new townhomes are nearing completion around the corner.

Although the Congress Heights cluster experienced only moderate sales price growth between 2000 and 2004, both the volume and price of home sales have since picked up. The median sales price in 2005 was \$180,000 — still relatively affordable by District standards, but up 17 percent from the previous year after controlling for inflation. As of 2004, most buyers in the Congress Heights cluster are minority (88 percent) and low-income (71 percent), but the share of white and higher-income buyers is rising.

Households living in the Congress Heights cluster are almost twice as likely as households citywide to have children in the city's public schools, and recent home buyers are even more likely than longer-term residents to have children enrolled in school. Reportedly, the new Patterson Elementary facility improves newcomers' image of the neighborhood, signaling a better quality of life for households both with and without children. However, compared with DCPS schools citywide, Patterson's standardized test scores are about average for reading

and well below average for math. Thus, investments that improve educational outcomes for Patterson's students could work hand in hand with ongoing housing investments to strengthen the neighborhood for both current and prospective residents.

Innovative charter schools also have potential to provide desirable options for students in the city's low-income neighborhoods and to support broader neighborhood revitalization efforts. For example, the Thurgood Marshall Academy Public Charter High School, founded in 2000 by students and professors of the Georgetown University Law Center as a law-related, college-preparatory high school, has rigorous standards, small class sizes, an extended school day, and required summer programs.⁶⁶

Thurgood Marshall Academy is located in the renovated and expanded Nichols Avenue school building, across the street from the Anacostia Metro station in the Sheridan cluster (37), one of the most distressed neighborhoods of the city. In 2000, six of every 10 Sheridan children lived in poverty, and four of every 10 adults lacked a high school education. Once an abandoned eyesore, the school building now serves as an attractive anchor to the Metro station area and features a library, a moot courtroom, and modern science laboratories. Advocates note that while crime remains a concern, increased supervised activity for much of the day has made the neighborhood safer.

The Academy currently serves 324 stu-

dents, almost all African-American and most living east of the Anacostia River. Teachers must contend with the fact that many students are performing below grade level when they arrive; typically ninth graders enter with skills in the sixth grade range. In the school's first year, only half of the 80 ninth graders were promoted; the rest were held back either by choice or because of their inability to meet the standards for entering tenth grade. Thus, it is not surprising that the 2005 test scores for 10th graders are low, with only 18 percent scoring proficient or higher in reading and 36 percent in math.⁶⁷ But these scores exceed those of traditional DCPS high schools east of the Anacostia River. And during the 2005–2006 school year, the Academy made a concerted effort to improve student scores through a variety of strategies, including intensive test preparation programs and new instructional methods based on performance data. In May 2005, the Thurgood Marshall Academy graduated its second class — only 24 students, but all are going on to college. And parents in the area reportedly view Thurgood Marshall with enthusiasm, seeing it as an academically demanding program that sets its sights high for students. Over time, therefore, it seems likely that test scores and other school performance indicators will improve.

The Thurgood Marshall campus sits near several major planned developments, with

8,200 additional housing units planned within 1.5 miles of the school over the next decade. The largest projects include Capper/Carrollsbury HOPE VI, the Barry Farm public housing complex, the St. Elizabeth East property, and the Southeast Federal Center near the new baseball stadium (Figure 5.2). Moreover, just across the highway from the school lies Poplar Point, a 60-acre area envisioned — by the Anacostia Waterfront Initiative — as a gateway to the Anacostia River and River Parks. In addition to 2,000 new housing units, Poplar Point will feature gardens, an amphitheater, and a new stadium for DC United.⁶⁸ Thurgood Marshall Academy is one of 20 DCPS and public charter schools in the planning area for the Anacostia Waterfront Initiative, which recognizes that the quality of neighborhood schools will be a linchpin of efforts to market the area to new residents.

Although sales prices in the Anacostia waterfront area have been rising, the private market has yet to attract substantial numbers of middle- and upper-income households. To date, most new development has been driven by the city and by community development corporations, and efforts to include market-rate housing will have to overcome serious concerns about schools, safety, and the lack of neighborhood amenities. Plans for development at Poplar Point, Barry Farm, and St. Elizabeth's East offer an unprecedented opportunity to invest in strong school options

— both DCPS and charter — as part of a coordinated package of improvements that will make Anacostia a better neighborhood for families living there now and for those who may consider living there in the future.

Strong Neighborhood Schools Can Help Retain and Attract Families

In addition to improving schools in neighborhoods with large numbers of students, the city should consider giving high priority to providing high-performing schools in neighborhoods

experiencing substantial growth, where there is an opportunity to retain more families than in the past. Recent trends in the Capitol Hill cluster illustrate the importance that young families attach to a diversity of public school options.

In the Capitol Hill cluster, historically a racially and economically mixed area, housing prices have appreciated dramatically over the past 10 years. The median sales price increased almost 300 percent between 1995 and 2005, reaching \$465,000. At the same

Figure 5.2: Major Housing Development Planned for Area Around Thurgood Marshall Academy



SOURCE: Data from District of Columbia Office of Planning Development Database, December 2005.

time, Capitol Hill home buyers have become increasingly high-income and white. Although relatively few have children enrolled in public schools, the recent increase in births offers a chance to reverse this pattern.

As more of the affluent Capitol Hill families have children, parental involvement in neighborhood schools appears to be rising, with many parents trying to make their neighborhood schools work for them instead of moving to neighborhoods west of Rock Creek Park or leaving the District altogether. The DCPS Capitol Hill Cluster School, consisting of three elementary programs and one middle school, has enjoyed strong parental involvement and creative academic programming since the 1970s. However, the boundary area for the Cluster School is relatively small, and waiting lists are long. As a result, many parents have turned their focus to their own in-boundary DCPS elementary schools, where new parent-teacher associations have been organized, preschool classes for three-year olds have been launched, and academic programs have been enhanced. These investments have the potential to help both the city and the school system retain more young families.

Two Rivers Public Charter School, founded by Capitol Hill families and opened in the fall of 2003,⁶⁹ offers another example of the impact of parental involvement. Two Rivers offers classes from preschool through fourth grade and plans to expand to the eighth grade by

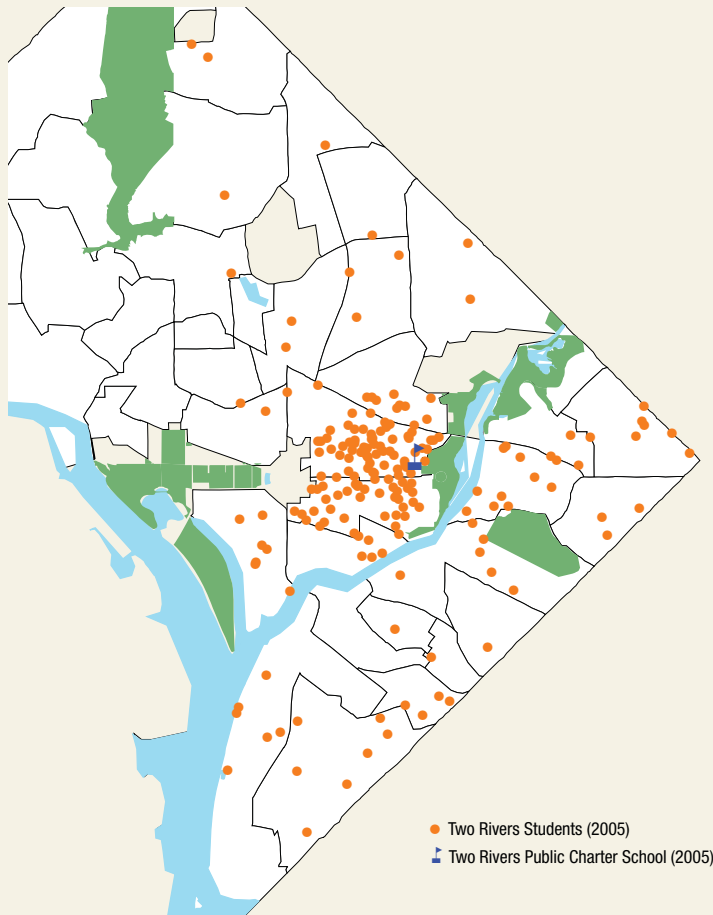
2009. The school has adopted an expeditionary-learning model, based on the wilderness program Outward Bound, in which most class subjects are taught in conjunction with real world “expeditions.” Although Capitol Hill families launched Two Rivers, the school is required to serve students citywide, selecting them by lottery from a long waiting list. In the 2005–2006 school year, just over half of the school’s 201 students live in the Capitol Hill or Union Station clusters, 25 percent come from East of the River clusters, and 23 percent travel from northwest neighborhoods (Figure 5.3).

Two Rivers, like many of the city’s public charters, has struggled to find a suitable facility. Since 2003, it has shared space with Eliot Junior High School, but this arrangement is no longer viable. Two Rivers school officials are considering a new location, but they are committed to remaining in Capitol Hill and near public transit so that students commuting from far-away neighborhoods can continue to attend. Helping popular charter schools find adequate facilities must be seen as an essential component of any strategy to retain more of the city’s young families.

Mixed-Income Housing Development Can Help Improve School Performance

The recommendations of the Comprehensive Housing Strategy Task Force make a strong case for mixed-income housing development by preserving affordable housing in hot market

Figure 5.3: Two Rivers Attracts Students Beyond Capitol Hill



SOURCE: Data from District of Columbia Public Charter School Board.
NOTE: Points are randomly placed within tracts and do not represent any student's exact address.

areas, drawing moderate- and middle-income residents into weaker areas, and incorporating affordable units into new developments city-wide. District action on this recommendation could help strengthen overall school performance and improve educational outcomes for children. If more neighborhood schools served students from diverse income levels, today's

stark disparities in school performance and educational outcomes would likely narrow.⁷⁰

The Thurgood Marshall Academy (discussed earlier) raises the possibility that innovative DCPS and public charter schools could help attract middle- and upper-income families to long-neglected neighborhoods. And Bell Multicultural High School illustrates the critical need to preserve affordable housing in neighborhoods now experiencing hot market pressures.⁷¹ The new Bell school facility, opened in February 2006, houses both the 353 students who attend Lincoln Middle School and the 739 students who attend Bell Multicultural High School. Although the two schools share an auditorium, cafeteria, and gymnasium, their programs remain separate.

Bell is a citywide senior high school, meaning that District students must apply and interview to attend. The multicultural curriculum and bilingual services engage many immigrant families and are reportedly highly valued by the area's Hispanic community. In the 2005–2006 school year, Bell's students were about two-thirds Hispanic, one-quarter black, and 7 percent Asian, with just a handful of white students. They come from as many as 25 different countries and speak 23 different languages. More than eight of 10 Bell students are eligible for free or reduced-price lunch. The school is currently enrolled to capacity and has a waiting list for open spaces, with Fall 2006 applications for enroll-

ment up 350 percent over the previous year.

The Columbia Heights/Mt. Pleasant neighborhood (cluster 2) in which Bell is located is one of the city's hottest housing markets. Between 2000 and 2005, home sales prices rose at an annualized rate of 21.2 percent after inflation, climbing from a median of \$139,000 in 2000 to \$412,000 in 2005. In 2000, more than half of all home buyers in the neighborhood were low-income, but by 2004 this share had dropped to 28 percent.

Low-income families who send their children to Bell are reportedly being priced out of the area, while recent home buyers in the Mt. Pleasant/Columbia Heights cluster are dramatically less likely than longer-term residents to have children in the public school system and even less likely to send them to Bell.⁷² Anecdotal reports suggest that recent buyers do not view the public school system as an option for their children. In contrast, many of the families whose children attend Bell want to remain in the neighborhood and are in fact choosing to keep their children at the school even after they move, an indication of their satisfaction with the school's program.

The potential for displacement of families with children will likely intensify in the years ahead. Although the ongoing housing boom is expected to bring 2,700 new housing units to the Mt. Pleasant cluster by 2010, more than two-thirds of these will be condominiums or cooperative units; there are no plans to create

new single-family homes. In addition, more than half of the cluster's 1,703 project-based Section 8 rental units have subsidy contracts that are set to expire between April 2006 and March 2007. The preservation of existing affordable rentals and single-family homes is essential if low-income families are to remain in the neighborhood of their choice and near a public school they value.

At the same time, additional investments in programming at Bell could potentially appeal to more of the neighborhood's new families and further diversify the

school's enrollment. For example, while the school's multicultural programming has proved valuable to area immigrant families, a fully bilingual curriculum might increase Bell's appeal and attract families to the area in the same way that the Oyster Bilingual School has.

A Window of Opportunity

The Board of Education and the superintendent of schools have made an important start on strengthening the District's public school system through the development of the Master Facilities Plan and the Master Education Plan. These efforts have been informed and bolstered by unprecedented levels of community support, as reflected in the work of the DC Education Compact to



bring diverse stakeholders into the reform process. The budget for school revitalization is rising substantially and, with more resources earmarked for the Housing Production Trust Fund, so will funding for affordable housing. This creates a new urgency for District officials to coordinate planning for neighborhood development more intensively than they have in the past. In the context of the District's new Comprehensive Plan, city officials should proactively target more neighborhoods in which coordinated investments in housing and schools are likely to have significant impact.

As the city's school system begins to improve — with more high-performing schools in more neighborhoods — District families will need better information about their public school options. This is not a matter of launching a public relations offensive. It is, rather, a matter of ensuring that parents have access to the kind of information that can guide decisions, including comprehensive school-by-school performance indicators and plans for future school investments. The current DCPS Web site is a good first step, but families need a broader array of performance indicators, with comparable information for DCPS and charter schools. Ideally, this information would be offered in conjunction with

information about affordable housing options, so that both current residents and potential newcomers could make informed choices about where to live and where to send their children to school.

The District's current vitality and prosperity create a window of opportunity for the city to advance its goals of growth and inclusion through policies that explicitly link housing development, public school investments, and neighborhood revitalization. If the city can preserve and expand affordable housing options and encourage the development of housing that is well-suited for families, public school enrollment could climb substantially, and more neighborhood schools could serve children from a wider range of income levels. Correspondingly, if targeted investments can improve public school performance so that parents feel more confident that these schools will serve their children well, efforts to revitalize neighborhoods, retain existing families, and attract more families to the city are likely to enjoy much greater success. If the District of Columbia is to meet its goal of attracting 100,000 more residents by 2020, investments to increase the city's supply of affordable housing must be integrated with investments to improve the quality of its public schools.

Endnotes

- 1 Charter schools were first authorized in 1996 by the District of Columbia School Reform Act. Individual schools apply for charter status and then receive public funding according to the same per-pupil formula as DCPS schools.
- 2 These results were calculated from Bureau of Labor Statistics (BLS) data for December of each year (accessed August 2, 2006).
- 3 From the U. S. Department of Commerce County Business Patterns series (which may not exactly match BLS data for the region cited earlier).
- 4 Numbers in this section are derived from the 2002 Economic Census (U.S. Census Bureau, 2006. Also see Williams, 2006).
- 5 For discussion of the problems associated with an inadequate level of housing production in metropolitan Washington in recent years, see Turner et al. (2004) and McClain and Fuller (2003).
- 6 Regional school enrollment data generally comes from the National Center for Education Statistics Common Core of Data, with one exception. NCES data for Washington, D.C., public school enrollment in 1999–2000 undercounts public charter school students by 5,200 (6.7 percent of total Washington, D.C., public school enrollment). Because of this, we replaced the NCES figure for this one year with the total public school enrollment as reported in the D.C. KIDS COUNT Collaborative (2005).
- 7 All of the public school indicators except for total enrollment reflect analysis of unmodified NCES data, despite the fact that public charter school enrollments appear to be undercounted in Washington, D.C., for 1999–2000 (see endnote 6). Although not consistent across jurisdictions within the NCES data, some local education agencies report programs that are co-located at a single school campus as separate observations.
- 8 Data are derived from a data set purchased by the 21st Century School Fund/BEST from McGraw-Hill Construction. These data cover only the so-called “hard costs” of facility improvements or expenditures for the construction contract, and not the “soft costs” associated with site acquisition, design, project management, and temporary dislocation of students and classes during improvements. These capital outlays were financed primarily through bonds and do not include annually budgeted operating funds. All amounts cited are in constant 2005 dollars. For more information, see Woolley and Winkler (forthcoming).
- 9 A student whose family earns less than 130 percent of the Federal poverty level qualifies for free lunch, and a student whose family earns less than 185 percent of the Federal poverty-level income qualifies for reduced-price lunch.
- 10 Anderson (2006).
- 11 See Scenarios 2 and 3, including current homeless population, in Turner (2006).
- 12 IRS County-to-County Migration Data files.
- 13 The American Community Survey data show the average household size declining. However, those estimates were published before the population revision accepted by the U.S. Bureau of the Census, and no further update is available.
- 14 District of Columbia Department of Employment Services. World Wide Web page <<http://analyzer.D.C.networks.org/default.asp>> (Accessed August 17, 2006).
- 15 Delta Associates (2006). Delta Associates’ definition of the metropolitan area differs from the Office of Management and Budget (OMB) definition used in most of this report. Delta tracks condominium development in the District of Columbia, the Inner Core and Suburbs, Prince William County, Loudoun County, Anne Arundel County, and Howard County. The latter two actually fall in the Baltimore metropolitan area according to federal standards. Delta considers marketing properties to be those that have received the documentation necessary to offer unit contract sales, including conversions and buildings under construction.
- 16 Delta Associates (2006).
- 17 Housing Vacancy Survey.
- 18 National Association of Realtors.
- 19 Metropolitan Regional Information Systems, (MRIS) Inc. MRIS may include the limited number of new homes that are sold by real estate agents, but excludes the majority of new home sales that are handled directly by builders.
- 20 Tatian and Kingsley (Summer 2006). For more detailed and current information about the housing market, see the *District of Columbia Housing Monitor* at World Wide Web page <<http://www.NeighborhoodInfoDC.org/housing>>.

- 21 In 2005, cafeteria and other institutional cooks earned on average \$28,310, while middle school teachers earned an average of \$53,780.
- 22 Several initiatives seek to address the homeownership affordability challenges facing District government employees, including those working in the public school system. For example, the District of Columbia Employer Assisted Housing Program provides matching down payments and deferred loans to eligible city employees seeking to become first-time homeowners in the District. In addition, the National Capital Revitalization Corporation (NCRC) has partnered with DCPS to create the NCRC/DCPS Home Ownership Initiative, which helps District government employees obtain affordable housing in the city.
- 23 M/PF Yieldstar (2006). The M/PF Yieldstar coverage includes the Office of Management and Budget-defined metro area. Their sample covers 21 percent of the District rental stock with more than five units, and 49 percent in the metropolitan area. The positive responses are biased toward larger buildings. The condominium conversions cited here include only the buildings with more than five units, and so are lower than the figures of Delta Associates, noted earlier.
- 24 M/PF Yieldstar (2006).
- 25 Tatian (Fall 2006).
- 26 Homeless Services Planning and Coordinating Committee (2006). Homeless persons are those who 1) have no shelter at all, 2) are in emergency shelters or transitional housing temporarily, or 3) are in precarious housing and at imminent risk of losing it.
- 27 Insights regarding homelessness and its effect on children were provided by a personal interview with Dr. Beverly Wallace and Deltonia N. Shropshire of the District of Columbia Public Schools Office of Transitory Services.
- 28 National Center for Homeless Education at SERVE.
- 29 District of Columbia Comprehensive Housing Strategy Task Force (2006).
- 30 The board consists of 11 elected representatives, eight of whom represent specific city wards, with three chosen by the electorate to represent the city on an at-large basis.
- 31 In this report, the total of 180 includes schools within a school, programs such as STAY (School to Aid Youth), and special designations such as tuition grant, foster care, and adjudicated youth. Therefore the number of schools in this report is greater than the official DCPS count. For enrollment analysis, students from all the schools and special designations are included. For all distance and test score analysis, we removed special education, adjudicated youth, Katrina Care, and foster care schools.
- 32 Charter schools receive the same per-pupil stipend and per-pupil facilities funding as DCPS schools.
- 33 In this report, we refer to the 65 charter school campuses as individual schools and use the campuses as the unit of observation for analyzing demographic composition, distance, and standardized test scores.
- 34 Not every school in the DCPS or public charter system offers early education grades.
- 35 There is a DCPS school in every neighborhood cluster except North Cleveland Park (cluster 12). An elementary school is located on the boundary of clusters 10 and 12.
- 36 U.S. General Accounting Office (1996).
- 37 Data are derived from a data set purchased by the 21st Century School Fund/BEST from McGraw-Hill Construction (see endnote 8).
- 38 This indicator is based on the amount for projects allocated to single schools. Twenty percent of the investments, or \$79 million, funded improvements across multiple schools, and thus could not be assigned to a single school.
- 39 According to Rivlin et al. (2005), through spring 2004 public charter schools in Washington, D.C., were estimated to have spent \$75.4 million on total development costs for school construction projects, including so-called "soft costs" associated with site acquisition, design, moving students, and project management that are not included in the McGraw-Hill data. Assuming that on average 30 percent of development expenditures are for soft costs, this represents 13.1 percent of DCPS spending from 1995 to 2004 and 17.3 percent of DCPS spending since 2000.
- 40 The following schools were replaced: Barnard Elementary School (cluster 18), Brightwood Elementary (18), Cleveland Elementary (3), Kelly Miller Middle (31), Key Elementary (13), McKinley Technology High (21), Miner Elementary (25), Luke Moore Academy High (22), Noyes Elementary (22), Patterson Elementary (39), Randle Highlands Elementary (35), Thomson Elementary (8). Because the data cover only through 2004, the recent completion of Bell-Lincoln Multicultural Campus was not included. Also, the replacement of Oyster

- Elementary school was financed through a special arrangement between DCPS and LCOR, a national real-estate firm, and was not included in the McGraw-Hill data.
- 41 Twenty percent of the investments, or \$79 million, funded improvements across multiple schools, and thus could not be assigned to a cluster.
 - 42 National test data are from the Trial Urban District Assessment conducted by the National Assessment of Educational Progress (NAEP) in 2003. It is a representative sample of DCPS and public charter school students from the fourth and eighth grades.
 - 43 In order to determine a school's performance, we averaged the percent of students that tested proficient or above in each grade for both math and reading tests. When there were multiple schools within a neighborhood cluster, the schools' proficiency standards were averaged within the neighborhood cluster. School testing data are from the 2003–2004 school year.
 - 44 Mead (2005). In addition, a recent national study finds that test scores are higher in charter schools that have been in operation longer. See Hoxby (2004).
 - 45 Kahlenberg (2001).
 - 46 District of Columbia Board of Education (2006).
 - 47 Note that about 1,500 District school children receive federally funded vouchers to attend private schools.
 - 48 In this report, we treat each campus as a separate school; therefore our number of public charter schools is greater than counts reported by the Public Charter School Board and the Board of Education.
 - 49 Schools west of Rock Creek Park are more racially diverse than the neighborhoods in which they are located because the District system allows some out-of-boundary students from other parts of the city to attend them.
 - 50 Eight DCPS high schools — each of which provides specialized programming — serve students citywide, with no guaranteed enrollment based on neighborhood.
 - 51 This figure was calculated by applying the percentages of out-of boundary students as reported in District of Columbia Public Schools (2006) to our October 2005 data file. It excludes early education students, special education students, and high school students attending citywide, admission-based high schools.
 - 52 DCPS data are from the DCPS Master Education Plan (2006) and public charter data are from the Public Charter School Board (2005). Data were not available for Board of Education charter students.
 - 53 All distance calculations exclude adult students and students attending special education schools.
 - 54 While this is the average, there are exceptions. In clusters 6 and 27, DCPS elementary students actually travel farther than their public charter elementary counterparts (although the distance is still very short). In clusters 1 and 2, both sets of elementary students travel approximately the same distance (between one-third and one-half mile). Similarly, in clusters 17, 21, and 30, DCPS middle school students travel farther than public charter middle school students.
 - 55 Data cover 2003 to 2005 and are from the District of Columbia Real Property Assessment File. There were 2,176 single-family homes (or 14.8 percent of the 14,686 unique single-family home sales between 2003 and 2005) that sold at least once between 2003 and 2005 and that housed at least one public school student as of October 2005. We do not have a way to tell the previous residence of these households (i.e., if they were already residents of the District or are moving in from outside). These figures include only single-family homes — not condominiums.
 - 56 Among clusters with at least 50 sales between 2003 and 2005, the Pearson correlation coefficient for the cluster median sales price in 2005 and the share of homes sold that had a public school student was -0.74.
 - 57 By historical comparison, this rate is low for DCPS, but in line with DCPS rates after 1997, when the first public charter schools were established. The remaining 30 percent of births represent a net out-migration of families with school-age children, as well as families that enroll their children in private schools, which, in 2000, represented 16.7 percent of families overall.
 - 58 District of Columbia Comprehensive Housing Strategy Task Force (2006).
 - 59 The D.C. Office of Planning maintains a Development Activity Database, which includes information about housing developments that are "under construction," "planned," "conceptual," and "new neighborhoods." Only projects consisting of at least eight units are covered by this database.

- 60 Note that unit type or tenure is unknown or unspecified for some of the projects in the District's Development Activities Database. For forecasting purposes, we assumed that the unit mix for these projects would be the same as for those where type and tenure were specified. Housing planned for new neighborhoods accounts for 8,200 of the anticipated new units. No type or tenure was provided for these units, which we assumed to be 10 percent single-family homes, 31 percent multifamily rental, and 59 percent condos.
- 61 For a discussion of the rationale for attracting and retaining a diverse population to live in the District of Columbia, see O'Cleireacain and Rivlin (2001).
- 62 This scenario assumes that the generation rates for the city as a whole increase by 25.5 percent. This figure was calculated by taking the average percentage difference for all clusters that experienced higher public school student generation rates from recent buyers than from all households in single-family homes.
- 63 Interviews with Richard Baron, chairman and CEO of McCormack Baron Salazar.
- 64 For case studies of linked strategies for neighborhood revitalization and school improvement, see Turnham and Khadduri (2004), Proscio (2004), and Abravanel, Smith, and Cove (2006).
- 65 Insights regarding Patterson Elementary School and the surrounding neighborhoods were provided in personal interviews with Mary Filardo from 21st Century Fund and Chris Smith of William C. Smith & Company.
- 66 Insights regarding Thurgood Marshall Academy and the surrounding neighborhoods were provided in personal interviews with Mary Filardo from 21st Century School Fund and David Schlossman, chief operating officer at Thurgood Marshall Academy.
- 67 Adequate Yearly Progress Reports from District of Columbia Public Charter School Board (2005).
- 68 District of Columbia Office of Planning (2003).
- 69 The opening of this public charter has stirred up considerable neighborhood controversy, with some Capitol Hill families and a nonprofit organization bringing a lawsuit against Two Rivers for discriminatory admissions processes and against top city and school officials, arguing that the city is spending excessive resources on charter schools while failing to address the persistent problems facing DCPS schools. A hearing on a motion to dismiss was held in spring 2006, and a ruling on that motion is expected.
- 70 For analysis of linkages between a school's socioeconomic composition and student performance, see Kahlenberg (2001), Rothstein (2004), and Rumberger and Palardy (2005).
- 71 Insights regarding Bell Multicultural High School and the surrounding neighborhoods were provided in personal interviews with Mary Filardo from 21st Century Fund; Roselyn Abitbol of Habitat Real Estate; Victor Molina, the parent coordinator at Bell Multicultural; and Lillian Perdomo of the Multicultural Community Service.
- 72 Compared with all single-family homeowners in the cluster, recent single-family home buyers in the Mt. Pleasant cluster are 38 percent less likely to have a child enrolled in a public school and 60 percent less likely to have a student enrolled at Bell Multicultural High School.

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Appendix A

Geographic Definitions

The Washington, D.C., Metropolitan Area

The analysis uses the federal government’s 2005 definition of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area. In addition, we define several subareas to facilitate comparisons within the region. As shown in Table A.1, these subareas are the District of Columbia; the Inner Core (Arlington County and the

City of Alexandria); the Inner Suburbs (Montgomery County, Prince George’s County, Fairfax County, the City of Falls Church, and the City of Fairfax); the Outer Suburbs (Calvert County, Charles County, Frederick County, Loudoun County, Prince William County, Stafford County, the City of Manassas, and the City of Manassas Park); and the Far Suburbs (four counties in Virginia, one Virginia city, and one county in West Virginia).

TABLE A.1: **Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area**

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

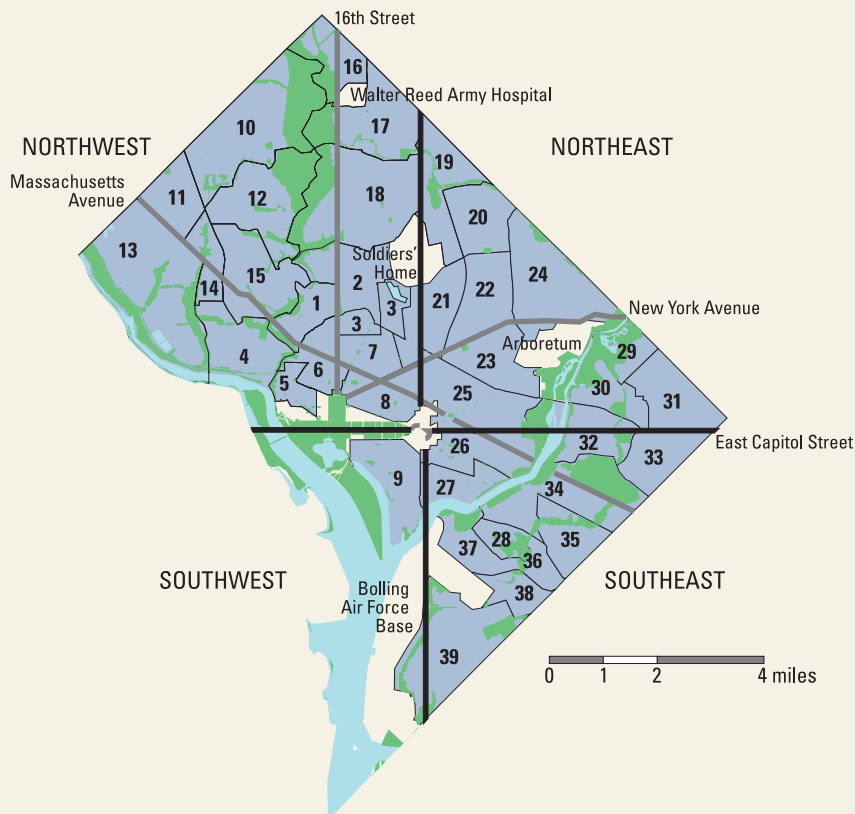
SOURCE: Data from Office of Management and Budget, 2005.

Neighborhood Clusters in the District of Columbia

Within the District (Figure A.1), data are presented for neighborhood “clusters,” areas defined by the District of Columbia Office of Planning in consultation with community organizations and residents. Table A.2 lists these 39 neighborhood clusters and the three to five neighborhoods they encompass. The report refers to these clusters by the neighborhood name listed first in Table A.2. Not all neighborhood cluster boundaries follow cen-

sus tract boundaries, so the report uses groupings of census tracts defined by the District of Columbia Office of Planning in 2002 as approximations of neighborhood clusters. Boundaries for these groupings cover whole tracts in all except one case: The block groups of tract 55 span two clusters. Block groups 1 and 2 fall in cluster 6 and block group 3 falls in cluster 5. To approximate data for these two clusters, we weight the values of the tract-level data according to the distribution of the

FIGURE A.1: Neighborhood Clusters in the District of Columbia



SOURCE: Data from District of Columbia Office of Planning, 2002.
NOTE: See Appendix A, Table A.2, for names and descriptions of clusters.

block-group population: 31 percent of tract 55's population lives in cluster 5, and 69 percent lives in cluster 6. So for any given variable, we assign 31 percent of the tract value to cluster 5 and the remaining 69 percent to cluster 6. Cluster 99 is not a city-defined cluster but a group of generally nonresidential, noncontiguous areas (Soldiers'

Home, National Arboretum, National Mall, and Bolling Air Force Base). Although it is not assigned to a cluster by the Office of Planning, this year selected analyses of the District of Columbia student data tabulated Bolling Air Force Base separately, because a substantial number of school children live there.

TABLE A.2: Neighborhood Clusters in the District of Columbia

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

Appendix B

Data Resources

GENERAL DATA SOURCES

DataPlace™.

DataPlace is a free one-stop source for housing and demographic data, including many of the national data sets described below. The site provides data for geographic levels from census tracts to the nation and tools to chart, map, and rank the data. DataPlace is a KnowledgePlex® initiative sponsored by the Fannie Mae Foundation.

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

NeighborhoodInfoDC.

NeighborhoodInfoDC is a partnership of the Urban Institute and the Washington, D.C. Local Initiatives Support Corporation (LISC). It works to support community organizations, neighborhood leadership and residents, and government as they work to improve the quality of life for people throughout the District of Columbia. This Web site presents data on D.C. neighborhoods and Wards, including population, race and ethnicity, income, employment, education, public assistance, low birth-weight and teen births, income, housing, and crime.

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

PUBLIC DATA SOURCES

American Community Survey (ACS).

The ACS is a new nationwide household survey by the U.S. Bureau of the Census that will replace the decennial census long form. The content is similar to that of the decennial census (population, household, and housing characteristics), but the survey collects the data on a monthly basis to produce much more timely information. Through 2004, the most recent year of data available at the time this report was written, the ACS published annual estimates for the nation, the 50 states, the District of Columbia, and most counties, cities, and metropolitan areas with population of 250,000 or more. Data are available in three forms: published profiles, summary data tables, and microdata.

Web site: <http://www.census.gov/acs/www/index.html>

Building Permits.

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

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

Census Bureau Population Estimates.

The Census Bureau's Population Estimates Program publishes postcensal population estimates for the nation, states, metropolitan areas, counties, incorporated places, and county subdivisions. Data series for births, deaths, and domestic and international migration are used to update the decennial census base population counts. These estimates are used to monitor recent demographic changes and to allocate federal funds. They are also used as survey controls and as denominators for vital rates and per capita time series.

Web site: <http://www.census.gov/popest/estimates.php>

Current Employment Statistics (CES).

The CES is a monthly survey of payroll records conducted by the Bureau of Labor Statistics for the U.S. Department of Labor. The survey covers more than 300,000 businesses nationwide and provides detailed industry data on employment, hours, and the earnings of workers on nonfarm payrolls. Data are available for the nation, all 50 states, the District of Columbia, and more than 270 metropolitan areas.

Web sites: <http://www.bls.gov/ces/home.htm>
<http://www.bls.gov/sae/home.htm>

District of Columbia Department of Employment Services.

The Department of Employment Services provides labor market data for the city through the online DC Networks Analyzer system. In addition to more detailed wages, industry, and occupation data for the city as a whole, the system offers estimated unemployment rates by Ward.

Web site: <http://analyzer.dcnetworks.org/default.asp>

District of Columbia Real Property Assessment File.

The District of Columbia Office of Tax and Revenue collects information about land parcels for the purpose of levying taxes. The file contains information about every city property, including parcel identification information, property sales and transfers, sale amount, sale date, and deed type. It also includes property characteristics, such as vacancy status, the number of rooms, square footage, and year built. The District of Columbia Web site provides online access to real property assessment information for individual parcels. NeighborhoodInfoDC also provides home sales indicators quarterly in the *District of Columbia Housing Monitor*.

District of Columbia Web site:

<http://cfo.dc.gov/otr/cwp/view,a,1330,q,594345.asp>

NeighborhoodInfoDC Web site:

<http://www.neighborhoodinfodc.org/housing/>

Home Mortgage Disclosure Act (HMDA).

HMDA requires certain mortgage lending institutions to disclose data about loan applications and approvals. Institutions required to file HMDA data include commercial banks, savings and loan institutions, credit unions, and mortgage companies that meet specific criteria. Data collected under HMDA are used (1) to help determine whether lending institutions are meeting the housing credit needs of their communities, (2) to help public officials target community development investment, and (3) to help regulators enforce fair lending laws. The data include individual loan application records, including property census tract, loan amounts, reasons for denial, and borrower and lender characteristics.

Web site: <http://www.ffiec.gov/hmda/default.htm>

Housing Vacancy Survey.

The Housing Vacancy Survey, a supplement to the Current Population Survey, estimates homeownership rates and vacancy rates on both a quarterly and an annual basis. Data are available for the nation, regions, the 50 states, and the 75 largest metropolitan areas. Data for the nation and regions date back to the 1960s, and data for the states and metropolitan areas date back to 1986.

Web site: <http://www.census.gov/hhes/www/hvs.html>

IRS County-to-County Migration Data

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

Web site: <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=96816,00.html>

Local Area Unemployment Statistics (LAUS).

The Bureau of Labor Statistics LAUS program produces monthly and annual employment, unemployment, and labor force data for the regions, states, counties, metropolitan areas, and select cities of the United States. State estimates (including those for the District of Columbia) are based on the Current Population Survey, while indicators for substate areas are based on data from several sources, including the Current Population Survey, the Current Employment Statistics program, and the unemployment insurance program.

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

Metropolitan Regional Information Systems, Inc. (MRIS).

MRIS — the nation's largest online real estate network for licensed agents, brokers, and appraisers — represents 25 county Associations of Realtors®. "The Real Estate Trend Indicator," the standard statistical report of market activity, is available through the MRIS Web site for all of the counties in the Washington metropolitan area. The monthly and annual reports include information on the number of home sales by price range and number of bedrooms; they also report the average and median sale prices and home financing characteristics.

Web site: <http://www.mris.com/reports/stats/>

Multifamily Assistance and Section 8 Contracts Database.

The U.S. Department of Housing and Urban Development (HUD) produces the Multifamily Assistance and Section 8 Contracts (formerly known as Section 8 Expiring Use) Database monthly. The database represents a snapshot at a point in time of all multifamily assistance and Section 8 project-based subsidy contracts due to expire. These HUD subsidy programs are project-based, which means they are tied to specific privately owned rental units, not provided to tenants as with Section 8 vouchers. For this report, address-level data from the Multifamily Assistance and Section 8 Contracts Database have been summed to cluster and county levels. NeighborhoodInfoDC also provides indicators on subsidized housing quarterly in the *District of Columbia Housing Monitor*.

HUD Web site:

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

NeighborhoodInfoDC Web site:

<http://www.neighborhoodinfodc.org/housing/>

National Center for Education Statistics, Common Core of Data.

The Common Core of Data (CCD) is the Department of Education's primary database on public elementary and secondary education in the United States. CCD is a comprehensive, annual, national database of information concerning all public elementary and secondary schools and school districts, which contains data that are designed to be comparable across all states. The CCD consists of five surveys completed annually by state education departments from their administrative records, including a general description of schools and school districts (including name, address, and phone number), data on students and staff (including demographics), and fiscal data (including revenues and current expenditures).

Web site: <http://www.nces.ed.gov/ccd/>

National Association of Realtors® (NAR).

The NAR reports median sales prices of existing single-family and condominium homes for the United States and many metropolitan areas (using the Office of Management and Budget's 2004 metropolitan area definitions). The Web site reports the median price for metropolitan areas for the latest quarter and for the previous three years.

Web site: <http://www.realtor.org/research.nsf/pages/ehspace>

National Association of Home Builders (NAHB).

The National Association of Home Builders maintains the NAHB-Wells Fargo Housing Opportunity Index, a measure of the percentage of homes sold that a family earning the median income can afford to buy. To calculate the index, NAHB uses income data from HUD and sales data from First American Real Estate Solutions. The index is provided quarterly for the United States and selected metropolitan areas.

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

Neighborhood Change Database (NCDB).

NCDB is the main source of decennial census data for *Housing in the Nation's Capital*. Funded by the Rockefeller Foundation, the NCDB is a joint project of the Urban Institute and Geolytics, Inc., designed to develop a set of comparable national population and housing variables from the 1970, 1980, 1990, and 2000 decennial censuses. The NCDB methodology links the associated data to 2000 census tract boundaries so that consistent comparisons can be made across census years.

Census 2000 Web site:

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

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

Occupational Employment Statistics (OES).

The OES is an annual mail survey conducted by the Bureau of Labor Statistics for the U.S. Department of Labor. The survey collects data on nonfarm wage and salary workers to produce employment and wage estimates for more than 700 occupations in more than 400 industry classifications. Self-employed workers are excluded from the estimates because the OES does not collect data from this group. Estimates are available at the national, state, and metropolitan-area levels.

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