Neighborhood Economies

Authored by Martha Ross

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Introduction

A critical measure of a neighborhood's health is the extent to which neighborhood residents and businesses are connected to the city and regional economy. One of the underlying problems facing urban neighborhoods characterized by high unemployment, poverty, and a weak employment and commercial base is that they are isolated from the opportunities and resources of the larger economy. The good news is that there are lots of ideas and practices on how to bridge the gap: from Community Reinvestment Act (CRA) requirements leading to increased lending activity in urban neighborhoods to employment programs that seek to build more effective informational networks linking urban dwellers with employers.[1]

The District of Columbia certainly has its share of neighborhoods grappling with poverty and social isolation. This section examines a number of indicators to measure the economic well-being of District residents and neighborhoods. Some of the data are sobering. Poverty, a key measure of that well-being, went in the wrong direction in the

1990s, and certain neighborhoods consistently have higher poverty and unemployment rates than the city average.

But these data, although essential to understanding residents' and neighborhoods' economic status, do not tell the whole story. Not all neighborhood assets are easily captured by traditional data sources. For instance, although household incomes may be fairly low, the aggregate consumer buying power in low- to moderate-income neighborhoods is nonetheless considerable.[2] These neighborhoods are able to support greater retail and commercial activity (and develop an employment base as well), but are not always able to connect with the sources of financial and human capital to make the development happen. One good sign in the District of Columbia, however, is that small business loan activity increased over the last few years, indicating increased commercial activity.

Overall, the mid-to-late 1990s brought renewed interest in living and investing in District neighborhoods that is not always reflected in 2000 data. The city and its private and nonprofit partners have dedicated significant energy and resources to neighborhood revitalization, and have realized some

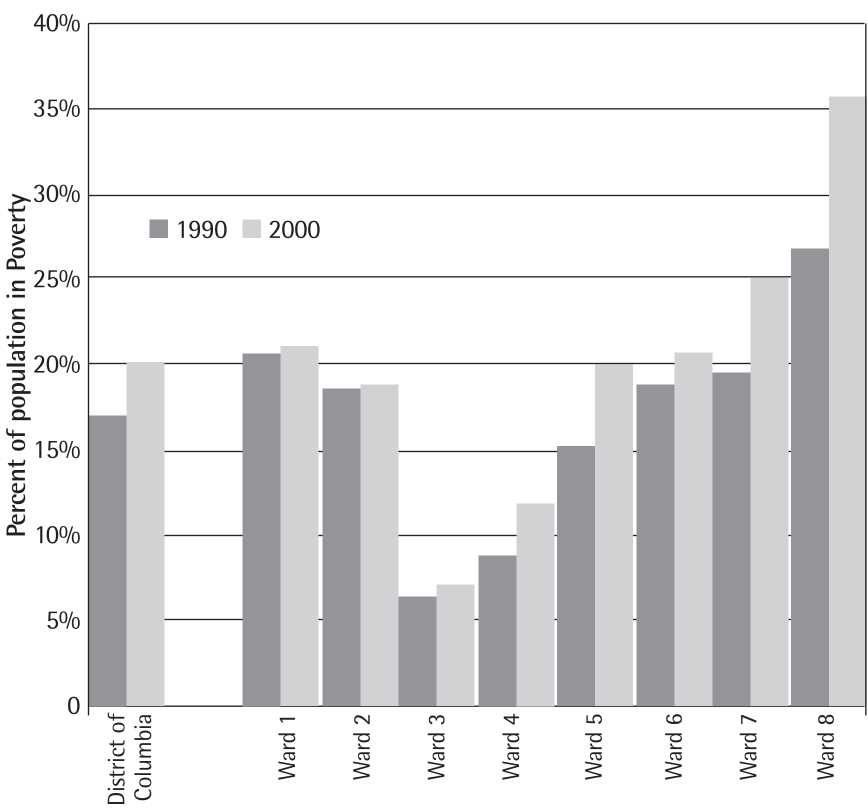
[1] Because of the Issue Scan's focus on neighborhoods, this analysis does not consider citywide or regional economic drivers, such as employment and purchases by large institutions like the federal government, universities, and hospitals. These factors are obviously critical to the District and regional economy, but are beyond the scope of this report.
[2] Social Compact, District of Columbia Neighborhood Market Drill Down, 2002; Michael Porter, The Competitive Advantage of the Inner City, Harvard Business Review, May/June 1995.

impressive successes. Some examples of development in various stages of planning, development, and completion include:

- **In Brentwood,** a former city impound lot was transformed into a shopping center with a full-service Giant grocery store and Home Depot in 2002. Further plans include mixed-use retail and residential development on the adjacent site next to the Rhode Island Metro station that will better connect the Metro stop to the neighborhood.

- **In the Anacostia neighborhood,** a number of investments are in the pipeline that should result in significant neighborhood improvement. The Anacostia Gateway site, developed by the District, the Anacostia Economic Development Corp. and DRI, will include two office buildings housing both District government offices and retail. Together, these buildings will total more than 300,000 square feet. The DC Office of Planning is carrying out an analysis of what kinds of development will best take advantage of the Anacostia Metro stop and spur further economic development. The neighborhood was recently included in the city's "Main Street" program, which provides neighborhood business districts and business owners assistance with commercial revitalization.

Figure 1: Poverty Rates by Ward, 1990 and 2000



- **In Hillcrest,** the National Capital Revitalization Corporation (NCRC) is leading the effort to redevelop the Skyland shopping center, with about 240,000 square feet, to better meet neighborhood needs.

Obviously, neighborhoods differ in their characteristics and their interest/ability to support different kinds of commercial development. Attracting and maintaining neighborhood-serving retail (coffee shops, barbershops, video stores, grocery stores, dry cleaners) is a different proposition than developing and maintaining a more regionally-focused center, complete with more retail, dining, and entertainment options and a larger employment base in the area.

But a clear theme from residents, both from the city-sponsored Strategic Neighborhood Action Plans (SNAP) and DC Agenda's community conversations, is that they are interested in more neighborhood economic development. Residents would like a greater diversity of goods and services in their neighborhoods, beyond fast-food restaurants, nail and hair salons, and check-cashing establishments. They'd like more bank branches and grocery stores, and financial and technical assistance on how to start and run a small business.

The decline in ordinary commercial services in a number of neighborhoods is a result of the District's population loss over the past few decades. Grocery stores, hardware stores, drugstores and the like closed when the middle-income customers that bought their wares moved out of the city over the past few decades, and the jobs these establishments supported disappeared with them.

To turn around the disinvestment in neighborhood commercial areas (of all types—from small neighborhood business corridors to larger regional gateways), the District needs to increase its residential population. This is especially critical in neighborhoods in Wards 7 and 8, which have experienced the largest population loss over the past thirty years. Commercial and neighborhood revitalization go hand in hand. Businesses can't thrive without a ready customer and employment base. And neighborhoods without easy access to grocery stores, banks, drugstores and the like are less likely to attract and retain residents.

The Strategic Neighborhood Investment Program (SNIP) is a critical component of the city's plans to increase its residential population and promote healthier neighborhoods. [3]
Based on an analysis of a number of social and

economic indicators, the city identified 12 neighborhoods[4] offering the best chances to leverage city funds with additional nonprofit and private investments. In this way, the city can use its scarce resources to generate visible neighborhood improvements.

Indicators

Individual and Household Characteristics

Poverty

The number of District residents living in poverty increased over the 1990s, from 17% of the population in 1990 (about 96,000 residents) to 20% of the population in 2000 (about 110,000 residents). Poverty is not evenly distributed throughout the city: Ward 3 has the city's lowest poverty rate (7.4%), compared to 25% in Ward 7 and 36% in Ward 8 (see Figure 1).

But not all high-poverty neighborhoods are located east of the Anacostia River, and not all neighborhoods east of the Anacostia River have poverty rates higher than the city average. Neighborhood Clusters 34 (Penn Bridge, Fairlawn, Twining) and 35 (Hillcrest, Fairfax Village) in Ward 7 both have poverty rates of about 16%. Neighborhood Cluster 23 (Ivy City/Trinidad) in Ward 5, by contrast, has a poverty rate of 31% and Cluster 8 (Downtown) has a poverty rate of 33%.

Poverty rates in the neighborhoods targeted for more in-depth analysis in this report are all above 25%, and higher than the city average. Some of these neighborhoods had large increases in poverty over the decade: in Southwest Washington/ Southwest Washington/Navy Yard, from 22% to 28%. Rates were more stable in *Columbia Heights/Mt. Pleasant* and Shaw (see Figure 2).

Poverty disproportionately affects the young. Although children under 18 make up only 20% of the city's population, they comprise more than 30% of the city's population living in poverty. More than 35,000 District children are living in poverty. In Wards 1, 6, 7, and 8, more than one-third of children live below the poverty line.[5]

[3] Neighborhood 10: Ten Strategies for a Stronger Washington, Washington, DC, 2003; Alice Rivlin and others, Revitalizing Washington's Neighborhoods: A Vision Takes Shape, Brookings Greater Washington Research Program, 2003.

[4] The 12 SNIP neighborhoods are Bellevue, Columbia Heights/Mt. Pleasant, Congress Heights, Pennsylvania Avenue SE, Georgia Avenue/Petworth, Historic Anacostia, Ivy City/Trinidad, Minnesota Avenue/Benning Road, H Street, Near Southeast, Shaw, Takoma.

[5] Mark Rubin, 2000 Census Numbers Reveal Higher Poverty Numbers in the District by Ward and Neighborhood Cluster, DC Agenda, October 2002.

Map 1: Neighborhood Cluster Poverty Rates, 2000.

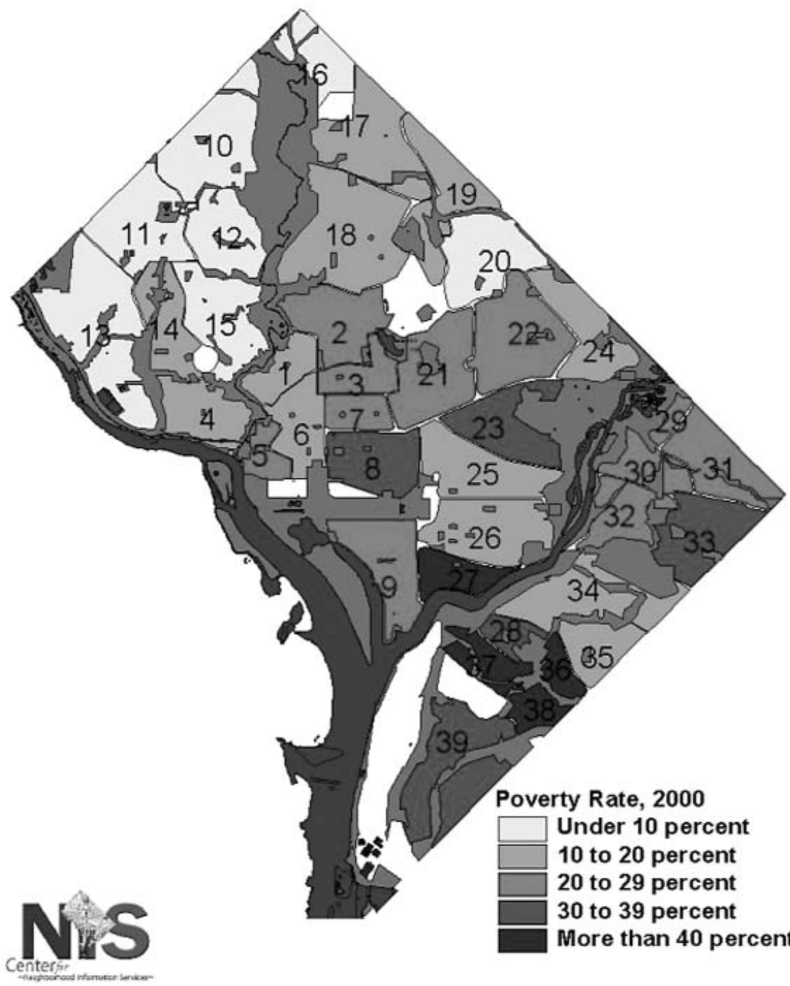
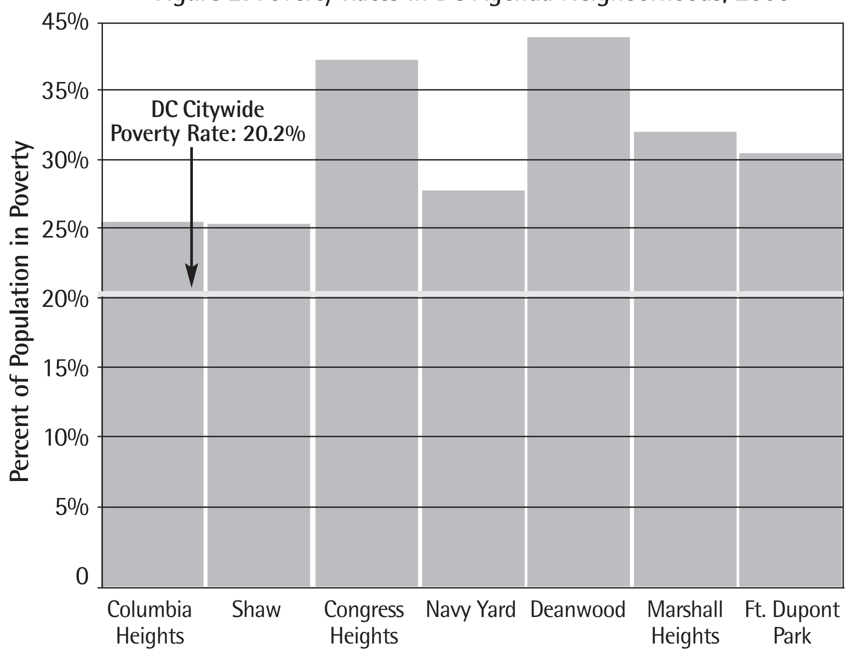


Figure 2: Poverty Rates in DC Agenda Neighborhoods, 2000



In addition to the overall increase in poverty, the concentration of poverty also increased. There were more neighborhoods with poverty rates above 30% in 2000 (see Map 1 and Table 1) than there were in 1990. Although all individuals living in poverty face difficulties in meeting their basic needs, residents of high poverty neighborhoods face daunting challenges. The problems associated with poverty are magnified in these neighborhoods, which are generally characterized by low educational attainment, joblessness, single-parent households, and high crime. Few neighborhoods of this type can support the businesses and civic organizations necessary for a healthy community.[6]

Table 1: Neighborhood Clusters with Concentrated Poverty (Poverty Rates Above 30%).

CLUSTER	POVERTY RATE
Cluster 8 (Downtown)	33.4%
Cluster 23 (Ivy City)	30.9%
Cluster 27 (Near SE/Southwest Washington/Navy Yard)	50.3%
Cluster 28 (Historic Anacostia)	37.7%
Cluster 33 (Capitol View/Marshall Heights)	32.8%
Cluster 36 (Woodland/Garfield Heights)	47.3%
Cluster 37 (Sheridan)	46.1%
Cluster 38 (Douglas)	46.2%
Cluster 39 (Congress Heights)	34.1%

Unemployment[7]

The unemployment rate decreased from 6.6% in 1990 to 5.7% in 2000. There was substantial fluctation during the 1990s, however, with a high of 8.9% in 1995. Rates have climbed since 2000, reaching 6.4% in 2002.[8] Unemployment in the District is typically higher than in the surrounding suburban areas. For instance, in 1995, unemployment in the suburbs was 3.6%, and in 2000, 1.9%.[9] Unemployment varies across the city (see Figure 3), with the highest rates in Wards 5, 7, and 8.[10]

High unemployment rates in parts of the city are related to neighborhood residents' relatively low levels of educational attainment, described in another section. For instance, only 13% of Ward 7 and 8% of Ward 8 residents have a bachelor's degree or higher, compared to the citywide figure of almost 40%. The District's employment base is grounded in government and associated business and professional services. It is primarily an office economy, and as such, many of the moderate-to high-paying jobs require an educated workforce.

Although there are numerous employment opportunities for those without college degrees in organizations like hotels, restaurants, and hospitals, many of these jobs are fairly low-paying and do not tend to have well-established career ladders leading to higher-paid positions.[11]

TANF Recipients

The number of households who participate in the TANF (Temporary Assistance to Needy Families) program has remained fairly stable since 2000-2001. TANF, commonly known as "welfare," provides cash assistance and employment-focused services to low-income households for a limited time. It is the successor to a previous federal program, Aid to Families with Dependent Children (AFDC). For a family of three in the District, TANF's monthly benefit is $379, or $4,548 per year.[12]

Consistent with national trends, District of Columbia caseloads decreased dramatically in the mid-to-late 1990s following the transformation of AFDC into TANF. Since 2000, however, the number of households receiving benefits has remained fairly steady, with slight variations up and down. In 1996, there were about 26,000 households receiving TANF in the District.[13] In 2003, that figure was 17,180 households.[14] (See Table 2.)

[6] Margery Austin Turner et al., Housing in the Nation's Capital, Fannie Mae Foundation and Urban Institute, 2003; Paul Jargowsky, Stunning Progress, Hidden Problems, Brookings Institution Center on Urban and Metropolitan Policy, 2003.

[7] The Issue Scan is not including another common employment-related indicator, Labor Force Participation, because of concerns about the data's reliability. A notice released by the Census Bureau in 2002 cautioned that Summary File 3 labor force data in areas where colleges are located appear to mis-state the number in the labor force due to reporting or processing errors.

[8] Citywide unemployment figures are from the Local Area Unemployment Statistics (LAUS) program of the Bureau of Labor Statistics, U.S. Department of Labor. LAUS are derived from the Current Population Survey (CPS). Ward-level statistics were imputed by adjusting the citywide LAUS figures based on unemployment figures from the 2000 Census.

[9] Washington, DC Department of Employment Services, 1992-2002 Labor Force Statistics (Annual Averages).

[10] The increase in unemployment in Ward 3 from 1990-2000 should be interpreted with caution, given the Census Bureau's notice that 2000 Summary File 3 unemployment figures may be mis-stated in areas with colleges. Both Georgetown University and American University are located in Ward 3.

[11] District of Columbia Workforce Investment Council, The District's State of the Workforce Report, January 2003.

[12] DC KIDS COUNT Collaborative for Children and Families, Every KID COUNTS in the District of Columbia, Ninth Annual Fact Book, 2002.

[13] Philip M. Dearborn, Welfare Rolls No Longer in Rapid Decline, Brookings Greater Washington Research Program, May 2002.

[14] Caseload figures here differ slightly from the annual figures published by the DC Income Maintenance Administration. Although Issue Scan figures are provided by the Income Maintenance Administration, they are calculated differently. Issue Scan figures refer to a point in time — July 1 of a given year — versus an annual count of households who received benefits.

Table 2: Number of District Households Citywide Receiving TANF Benefits

2003	2002	2001	2000	1999
17,180	16,937	16,440	16,617	18,254

Those who leave TANF for employment usually join the ranks of the working poor. One study calculated that about 60% of District residents who left TANF were employed a year later, and another 20% had worked at some point in the year after leaving the program, similar to figures in other jurisdictions. Typical employment was full-time at about $8 an hour. Quarterly earnings of District residents who left TANF were comparable or a little higher than the earnings of TANF leavers in other jurisdictions.[15]

According to the District's Income Maintenance Administration, 2,300 TANF recipients were placed in employment in Fiscal Year 2003, with a 3-month retention rate of almost 80%.

The District government has won numerous high-performance TANF federal bonuses (more than any other jurisdiction in the country) totaling $115 million for its success in moving welfare recipients into employment, providing supportive services, and reducing births outside of marriage.

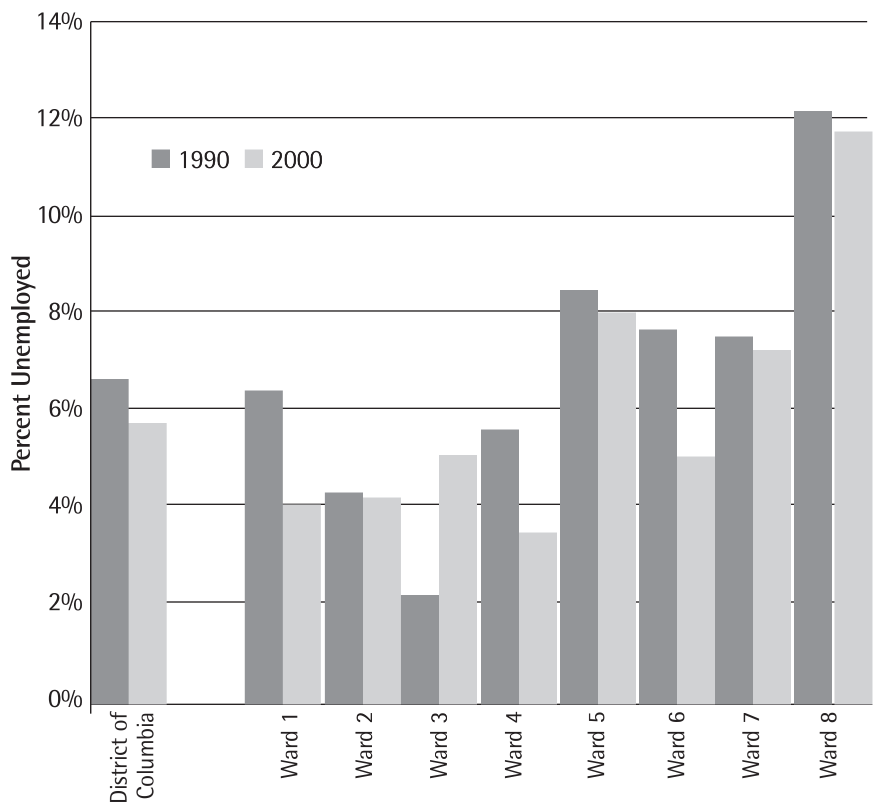
In 2003, households east of the Anacostia River accounted for about half of the city's TANF caseload, although the area accounts for only about one-third of the city's family households (see Table 3). This report's targeted neighborhoods with high numbers of households receiving TANF include Columbia Heights/Mt. Pleasant, accounting for 8.4% of the city's caseload.

Previous reports have documented that much of the District's caseload consists of disadvantaged households, with low-skill levels, weak employment histories, and long periods of welfare reliance.[16] In order to find employment, and especially to find employment that will lift them above poverty, this "hard-to-serve" population needs multiple services, such as child care, literacy and basic skills education, and treatment for physical and mental health problems.

Table 3: Number of Households Receiving TANF, 2003 and Change from Previous Years

	Households Receiving TANF, 2003	% Change 2003-2002	% Change 2003-1999
District of Columbia	17,180	1%	-6%
East of the River	9,395	1%	-6%
Wards			
1	1,410	-3%	-15%
2	475	-1%	-8%
3	12	17%	-21%
4	1,213	-3%	-11%
5	2,440	9%	2%
6	2,160	4%	-5%
7	3,674	-4%	-6%
8	5,795	3%	-5%
Targeted Neighborhoods			
Columbia Heights/Mt. Pleasant	1,448	-3%	-15%
Shaw	327	3%	-5%
Southwest Washington/Navy Yard	500	4%	-7%
Deanwood	599	-12%	-28%
Marshall Heights	483	5%	8%
Benning Ridge/Ft. Dupont Park	724	-8%	-2%

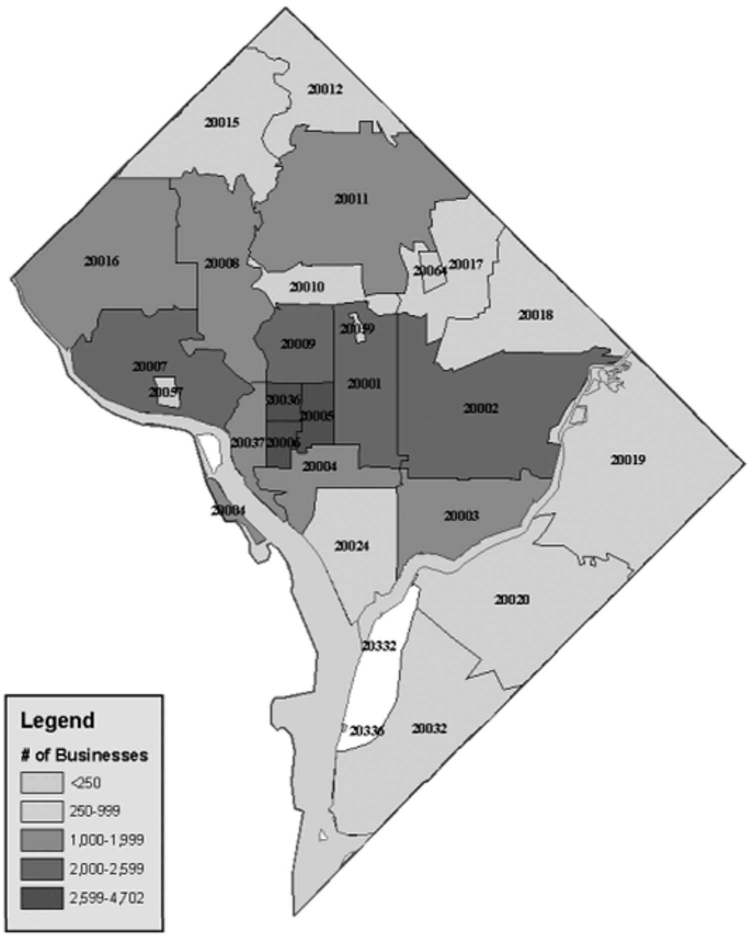
Figure 3: Unemployment Rates by Ward, 1990 and 2000



[15] Gregory Acs and Pamela Loprest, The Status of TANF Leavers in the District of Columbia, Urban Institute, January 2001.

[16] Gregory Acs and Pamela Loprest, A Study of the District of Columbia's TANF Caseload, Urban Institute, October 2003; Carol S. Meyers, The District and Baltimore Face Double Whammy in Welfare Reform, Brookings Greater Washington Research Program, May 2001; Ed Lazere, The Status of Welfare Reform in the District of Columbia, DC Fiscal Policy Institute, March 2001.

District of Columbia: Number of Businesses by Zip Code, 2003.



These supportive services are expensive, however, and compete with the need for funds to continue providing direct cash assistance.

Participation in Apprenticeship Programs

Apprenticeships offer individuals a chance to learn a trade through a combination of on-the-job training and classroom instruction. The DC Apprenticeship Council certifies a number of apprenticeship programs, offering training in such occupations as plumbing, electrical engineering, and roofing. The Council also certifies pre-apprenticeship programs, which provide training for individuals not yet eligible for formal apprenticeship programs due to lack of education or workplace skills.

Apprenticeship and pre-apprenticeship programs offer an important avenue for those without college degrees to obtain employment paying family-supporting wages. In 2002, about 900 District residents were registered for such programs, the highest in the history of the DC Apprenticeship Council.

Table 4: District Residents Participating in Registered Apprenticeship Programs, 2002

Ward	# of Participants
1	73
2	67
3	19
4	149
5	163
6	87
7	164
8	180

Source: District of Columbia Apprenticeship Council, 2002 Annual Report, Office of Apprenticeship, Department of Employment Services.

Neighborhood Characteristics

Number of Businesses

The number of businesses in a given area gives a picture of the commercial vitality of that area, although it doesn't measure the variety of goods and services, or whether the stores meet neighborhood demand. For instance, the number of businesses doesn't specify whether an area has such neighborhood-serving retail as a pharmacy, full-service grocery store, smaller corner market, bakery, or hardware store. But it is a barometer for the amount of commercial activity taking place.
The city has a number of vibrant commercial areas outside of the downtown, as the table below makes clear (see Table 5). **Using zip codes as a proxy for neighborhoods, a clear theme emerges: East of the Anacostia River neighborhoods lack the commercial density of their counterparts across the river** (see Map 2). Of the targeted neighborhoods for this report, Shaw has the highest number of businesses, in part reflecting the zip code's proximity to downtown, but also the area's commercial activity surrounding Howard University.

Another theme is that commercial activity is increasing. The number of businesses in the District increased from about 35,000 in 1998 to about 38,000 in 2003, an increase of 8%. Even areas with small commercial bases in 1998 experienced growth.

Small Business Loans

The number of small business loans (loans made to businesses with annual gross revenues of less than one million dollars) increased over the last few years, providing another indication of the city's reviving commercial fortunes.

Added together, Wards 7 and 8 have a smaller number of loans in 2002 (169) and smaller total loan amount ($5,767,000) than any other single ward (see Table 6). This reflects smaller number of businesses to begin with in Wards 7 and 8 — together, they have a relatively small number of business establishments (about 2,200), compared to other wards. It may also be that businesses in those wards are not taking full advantage of programs available to fund their growth and expansion. It is important to note that Ward 2 has such large numbers because it includes the downtown area.

Small business loan activity also highlights that there a number of active neighborhood commercial districts throughout the city (see Table 7). Although the units of geography are different (zip code versus neighborhood cluster), there is a rough correspondence between the areas with the greatest loan activity and the highest number of businesses.

Table 5: Number of Businesses by Selected Zip Codes, 2003 and 1998

Zip code	Number of businesses		% Change
	2003	1998	
20036 (Downtown)	4,702	4,573	3%
20007 (Georgetown)	2,505	2,438	3%
20002 (Union Station, Near Northeast)	2,460	2,257	9%
20009 (Adams Morgan, Dupont Circle)	2,350	2,210	6%
20001 (Shaw, LeDroit Park, Edgewood)	2,210	2,133	4%
20016 (Foxhall, Palisades, Tenleytown)	1,778	1,540	15%
20010 (Columbia Heights/Mt. Pleasant)	853	791	8%
20019 (Marshall Heights, Deanwood)	819	775	8%
20020 (Anacostia, Woodland, Hillcrest	886	793	12%
20024 (Southwest Washington/Navy Yard)	790	718	10%
20032 (Congress Heights, Bellevue)	529	523	1%

Source: Dun and Bradstreet

Table 6: Small Business Loans by Ward, 2002 and 1998

Ward	2002			1998			% Change in # of Loans, 2002–1998
	# of loans	Total Amount	Average Loan	# of loans	Total Amount	Average Loan	
1	307	$15,978,000	$52,045	137	$5,968,000	$43,562	124%
2	1,861	$71,926,000	$38,649	872	$38,503,000	$44,154	113%
3	541	$17,994,000	$33,260	297	$10,668,000	$35,919	82%
4	320	$10,360,000	$32,375	153	$5,601,000	$36,607	109%
5	210	$7,416,000	$35,314	109	$4,118,000	$37,779	93%
6	452	$10,930,000	$24,181	192	$6,493,000	$33,817	135%
7	90	$3,121,000	$34,677	49	$3,182,000	$64,939	84%
8	79	$ 2,646,000	$33,493	41	$1,565,000	$38,170	93%

Source: Community Reinvestment Act Aggregate Reports, Federal Financial Institutions Examination Council

Table 7: Top Neighborhood Clusters by Small Business Loan Activity, 2002 and 1998*

	2002		1998	
Neighborhood Cluster	# of Loans	Total Amount ($1,000s)	# of Loans	Total Amount ($1,000s)
Cluster 4 (Georgetown)	289	$15,024	138	$7,158
Cluster 25 (Union Station)	159	$4,062	76	$2,903
Cluster 1 (Adams Morgan)	145	$8,495	75	$3,036
Cluster 13 (Foxhall, Spring Valley)	144	$5,697	69	$2,832
Cluster 26 (Capital Hill)	144	$4,505	59	$2,095

* Excludes Clusters 6 (K St., Connecticut Avenue, Dupont Circle) and 8 (Downtown) since they include the downtown area and not neighborhood commercial areas.

Of the targeted neighborhoods for this report, the ones with the greatest amount of loan activity in 2002 were Cluster 2 (Columbia Heights/Mt. Pleasant), with 127 loans totaling about $5.4 million, and Cluster 3 (Howard University/Cardozo/Shaw), with 68 loans totaling about $3.3 million.

Number of Vacant and Abandoned Commercial Properties

Vacant and abandoned commercial properties clustered together are a sign of weakened commercial markets, byproducts of a more-robust era. However, with the appropriate municipal policies and programs, these properties can also be treated as assets and opportunities for infill development. (See the conclusion of this section for more discussion of this idea.)

Vacant and abandoned commercial properties are not distributed evenly throughout the city. **Four neighborhood clusters (Columbia Heights/Mt. Pleasant; Shaw/Logan Circle; Union Station/Near Northeast; and Edgewood/Bloomingdale) account for nearly half of the total.** Vacant and abandoned commercial properties are concentrated in central parts of the city, and are more of a problem in Wards 1, 2, 5 and 6 (see Figure 4).

Financial Services

There are no local figures on the number of District residents without bank accounts, but nationally, about ten million households (about 10% of U.S. households) do not have a bank account. Low-income and minority households are disproportionately represented among this figure.

The consequences of being "unbanked" include high costs to access basic financial services and a lost opportunity to establish credit and build assets, even a modest savings account. The U.S. Treasury Department estimates that a worker earning $12,000 a year would pay about $250 annually just to cash paychecks at a check-cashing outlet.[17]

Households remain unbanked for a variety of reasons. Under common terms of service, opening a bank account may not make economic sense for some low-income households. Consumers who can't meet the account balance minimums face monthly fees, and if they bounce a check, they face additional fees or charges. Some may be barred from opening an account due to a poor credit history.[18] Secondly, in some neighborhoods, banks are not as readily accessible as they are in others. In such neighborhoods, largely unregulated alternative financial services (AFS) providers, such as check-cashing outlets, pay-day lenders, and tax-preparation services that offer refund-anticipation loans, step in to fill the gap. These AFS providers are generally convenient and they do offer a way for low-income households to fill their financial services needs. However, these services come at a relatively high cost. Most check-cashing outlets charge between 2% and 3% of the face value of a check to cash it. Those without a bank account are also largely cut off from mainstream sources of credit. If faced with the need for a loan, they often turn to informal sources or high-cost lenders such as pawnshops, car-title lenders, and payday lenders, who have annualized interest rates generally over 100% and often as high as 500%.[19]

[17] Michael Barr, Banking the Poor, Brookings Center on Urban and Metropolitan Policy; July 2003.
[18] Several proposals have been advanced regarding what the federal government and banks can do to make their services more accessible and appropriate to the needs of low-income households. See Barr (2003) and Caskey (2002).
[19] John Caskey, Bringing Unbanked Households into the Banking System, Brookings Center on Urban and Metropolitan Policy, January 2002.

Table 8: Neighborhood Clusters with the Greatest Number of Vacant (V) and Abandoned (A) Commercial Properties, 2002

Neighborhood Cluster	# of V & A commercial properties	% of total V & A commercial properties
Cluster 25 (Union Station, Near Northeast)	121	14%
Cluster 7 (Shaw/Logan Circle)	95	11%
Cluster 21 (Edgewood/Bloomingdale)	93	11%
Cluster 2 (Columbia Heights/Mt. Pleasant)	88	10.%
Cluster 8 (Downtown)	66	8%
Cluster 27 (Near Southeast/Navy Yard)	45	5%
Cluster 23 (Ivy City)	35	4%
Cluster 18 (Brightwood Park)	32	4%
Citywide total	859	n/a

In the District of Columbia, banking outlets are not spread evenly throughout all neighborhoods. The majority of banking retail outlets (122 out of 192) are in Wards 2 and 3, serving downtown and affluent residential areas. Other areas of the city, where check-cashing establishments outnumber banking retail outlets, are less well-served by financial services (see Figure 5). East of the Anacostia River, there are 23 check-cashing establishments and 14 retail banking outlets. In most DC Agenda neighborhoods, check-cashing establishments outnumber retail bank outlets (see Table 9).

Conclusion

This is a critical moment for the District. The increased interest in living and investing in the city gives the city a real opportunity to recover from the population loss of the last few decades and revitalize distressed neighborhoods. **Neighborhood economic development is a key component of that revitalization.** Through the Strategic Neighborhood Action Planning (SNAP) process, residents have clearly identified neighborhood economic development as a priority. They want a greater diversity of goods and services in their neighborhoods, including grocery stores, coffee shops, drug stores, and the like.

The city and its partners need to act on both people- and place-based strategies to ensure healthy neighborhood economies. Efforts to improve the skills of low-income residents and link them to employment and training opportunities are essential. On the place-based side, the city and its partners need to take care that 1) development reaches more neighborhoods that have been bypassed so far, and 2) development is managed so it serves low-income residents as well as higher-income residents.

The District has a number of initiatives to improve the employment prospects of its residents in place, but they don't match the scale of the problem. These programs need to be strengthened and expanded. For example, the Income Maintenance Administration (IMA) within the Department of Human Services has implemented a number of policies to support low-income families making the transition from welfare to work. One such program is the Program on Work, Employment and Responsibility (POWER). POWER provides locally-funded, non-time-limited services to individuals with physical disabilities, mental health problems, learning disabilities, or substance abuse problems. IMA has also contracted with researchers at Mathematica Policy Research, Inc. to organize and provide technical assistance and professional development to

Figure 4: Number of Vacant and Abandoned Commercial Properties by Ward, 2002

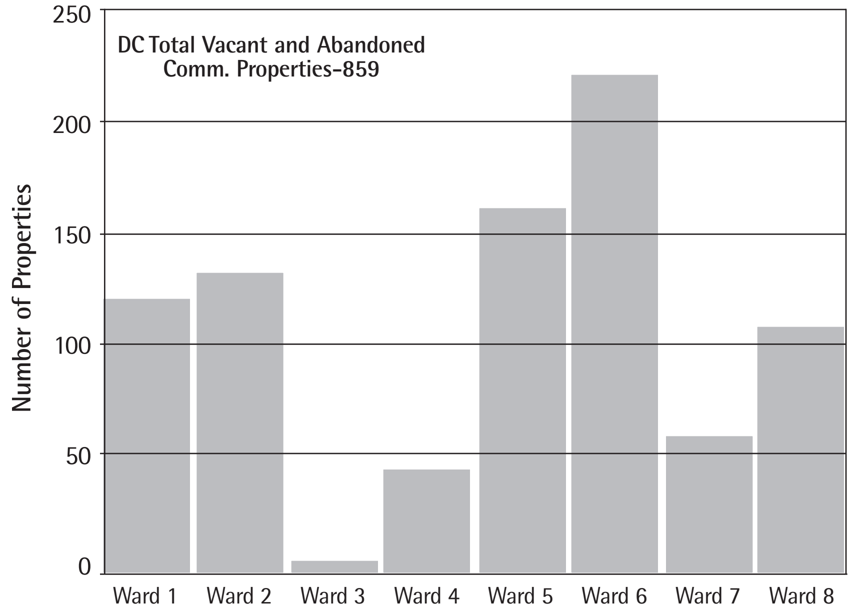
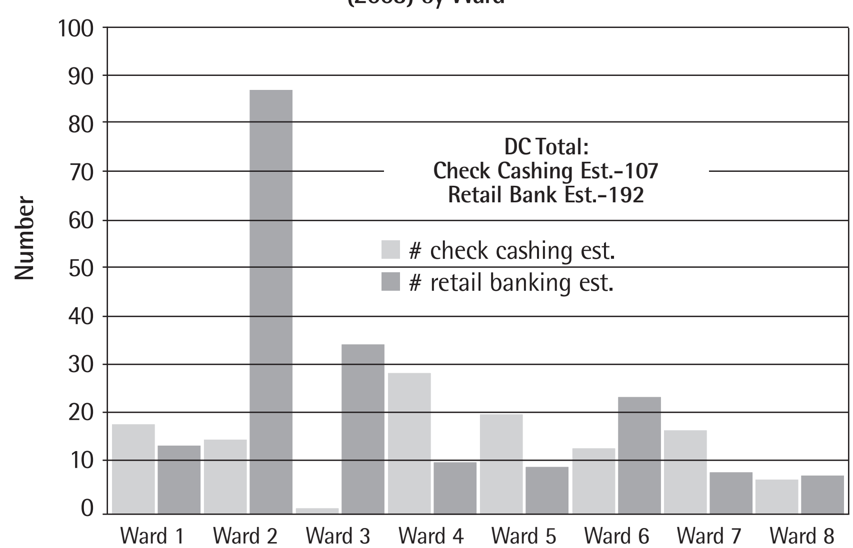


Table 9: Neighborhood Clusters with the Greatest Number of Check-Cashing Establishments

Neighborhood Cluster	Check-Cashing Establishments	Retail Bank Outlets
Cluster 2 (Columbia Heights/Mt. Pleasant)	12	5
Cluster 17 (Takoma)	8	4
Cluster 18 (Brightwood Park)	8	2
Cluster 7 (Shaw/Logan Circle)	7	0
Cluster 23 (Ivy City)	7	3
Cluster 25 (Union Station/Near Northeast)	7	3
Cluster 34 (Twining/Fairlawn)	7	2

Figure 5: Number of Check Cashing Establishments (2002) and Retail Bank Outlets (2003) by Ward



nonprofits contracting with the city to provide services to TANF recipients. This assistance is typically very hands-on, including topics like designing a database to manage client information and how to work with clients who have criminal backgrounds or are suffering from depression.

The apprenticeship programs certified by the DC Apprenticeship Council offer another route to employment. Although construction and other trades are not dominant sectors in the District's economy, they nonetheless provide real opportunities for current residents. Especially for residents without college degrees, apprenticeships and pre-apprenticeships are a critical pathway to high-wage employment, but the number of District residents participating in such programs is distressingly low compared to the need.

Another promising workforce development program may be in the works. The District's Workforce Investment Council (WIC), the body that oversees workforce policy in the city, has laid much of the groundwork to develop a health services-related employment initiative. With the support of a U.S. Department of Labor grant, the WIC determined that a workforce development program focused on health services—particularly hospitals—could meet the needs both of workers and employers. The sector offers ample entry-level positions for low-skill workers—the key is to develop career ladders and training opportunities so workers can advance incrementally to higher-skill, higher-paid positions. Having completed the planning year, the next step for the WIC is to work with employers and associations like the DC Hospital Association and DC Chamber of Commerce to design and implement a program.

On the place-based side, there are also a number of initiatives to further stimulate development in neighborhood business districts. For instance, the Mayoral Task Force on Transit-Oriented Development has recommended a series of strategies to guide and encourage mixed-use development (housing, commercial, retail, and civic) around Metrorail and Metrobus stops.[20] The city is planning to locate two Government Centers by the Anacostia and Minnesota/Benning Metro stops in order to spur development in those neighborhoods. The Office of Planning has either completed or is currently conducting multiple small-area planning processes to revitalize specific neighborhoods, such as H St. NE, Anacostia, and Georgia Avenue. The office of the Deputy Mayor for Planning and Economic Development launched the "Main Streets" program in order to help revitalize neighborhood business districts and small businesses.

The District has begun to address the problem of vacant and abandoned properties (both residential and commercial), but can do more to convert these properties into revenue-generating, valuable sites. The problem does not affect all neighborhoods equally, but in some areas, the presence of vacant and abandoned properties is a major problem. The DC Department of Consumer and Regulatory Affairs has inventoried the city's vacant and abandoned properties. Through the Home Again Initiative, the city is bundling vacant and abandoned properties and selling them to developers for rehabilitation into single-family, owner-occupied housing. However, the Home Again initiative does not address rental or commercial properties, and the process of obtaining legal control of the properties and selling them to developers is cumbersome and taking longer than anticipated.

Redeveloping vacant and abandoned property is a complex municipal function. It requires overcoming considerable legal and administrative barriers. But if approached properly, the redevelopment of vacant and abandoned properties can serve the city's overall planning and development goals by stimulating economic development and neighborhood improvement. First, however, the city needs to make a strong commitment to developing the administrative infrastructure to acquire, assemble, and dispose of properties in a timely manner. One key issue is condemnation. The process for the District to acquire vacant and abandoned private property is onerous and needs streamlining.

Lastly, the city needs to retain its commitment to targeting neighborhoods for development as articulated in the Strategic Neighborhood Investment Program (SNIP). The city can best use its scarce resources by targeting them to neighborhoods in need of investment and where city funds are most likely to leverage additional private and nonprofit investments. However, targeting can be difficult to operationalize both politically and practically. **In order to be effective, neighborhood targeting needs to be reflected in agencies' budget priorities for infrastructure and public facilities investments.** For instance, in a given neighborhood, the Department of Transportation can carry out streetscape and traffic management improvements,

[20] Report to Mayor Anthony A. Williams from the Mayoral Task Force on Transit-Oriented Development, June 2002; Office of Planning, Trans-Formation: Recreating Transit-Oriented Neighborhood Centers in Washington, D.C, September 2002.

the Office of the Deputy Mayor for Planning and Economic Development can provide technical assistance to neighborhood businesses through the ReStore DC program, the Office of Planning can encourage mixed-use development around transit stops, and the Department of Housing and Community Development can support the renovation or construction of a community facility. Focusing public resources in this way can attract and leverage private and nonprofit investments to show concrete neighborhood improvements.

One problem with the renewed interest in living in the District over the past few years is that development has been uneven. Some neighborhoods have experienced booming housing and retail markets (fueling fears of displacement along the way), while others still struggle to attract private investment. Consequently, neighborhood interventions need to be tailored for the particular conditions of that neighborhood. In areas undergoing rapid change, policy interventions need to focus on *managing* market forces to preserve the neighborhood character and identity, while welcoming new investments. In other areas, the city's role is to generate more market interest in the neighborhood. Through the neighborhood targeting program, the city can ensure that its activities are appropriate to particular neighborhood needs.