



The Potomac Conference

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An Overview of the Washington DC Region

February 2006

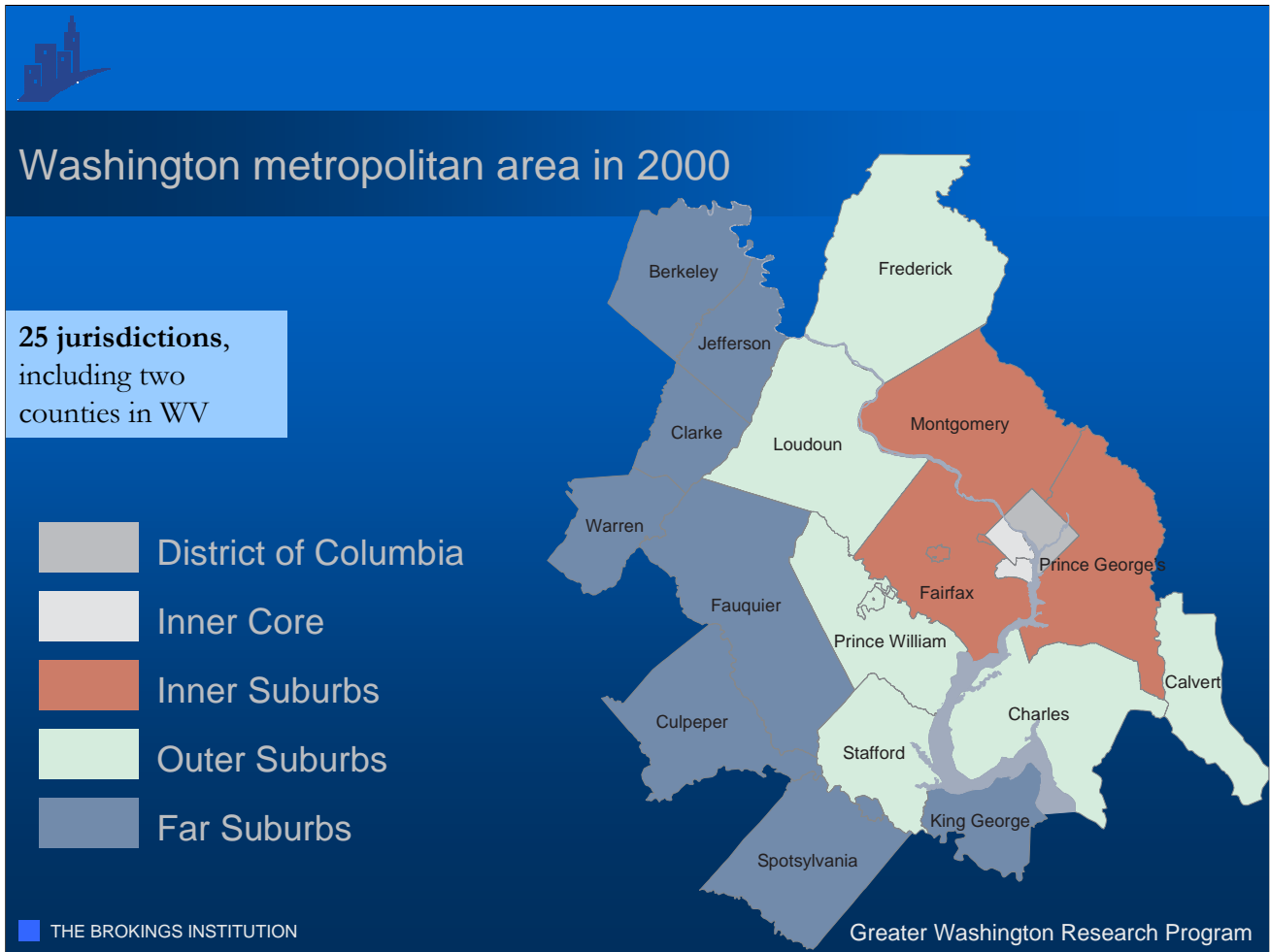
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Title Slide

This conference is focused on the future. Everyone here is eager to develop a vision for the future of our region that will help the region's leaders and citizens shape that future in a positive way. The future of our region is bright, but there are downsides of success that will make all of our lives progressively more unpleasant and less workable if we don't take action. Collectively, we can take charge of our future. We don't have to sit here and feel sorry for ourselves while congestion thickens on our roadways and workers are forced to commute from the far side of West Virginia or end up taking jobs in other regions to afford decent housing close to their jobs in our region. We don't have to watch while our diverse, vibrant region becomes increasingly divided by race and class, and the American dream of success is blocked for those on the wrong side of the divide.

But the future starts now, and it is always useful to lead with the facts. My assignment is to remind you of the basic features, strengths, and weaknesses of our region and where current trends might be taking us. The slides I will show you were culled from a much larger set put together by a team of scholars, including: Steve Fuller of George Mason University, Gerritt Knaap from University of Maryland, Royce Hanson from George Washington University, Dave Robertson and Paul Des Jardin of the Metropolitan Washington Council of Government, and my colleague, David Garrison at Brookings.



First, what do we mean by the Region?

Washington metropolitan area in 2000 (Brookings)

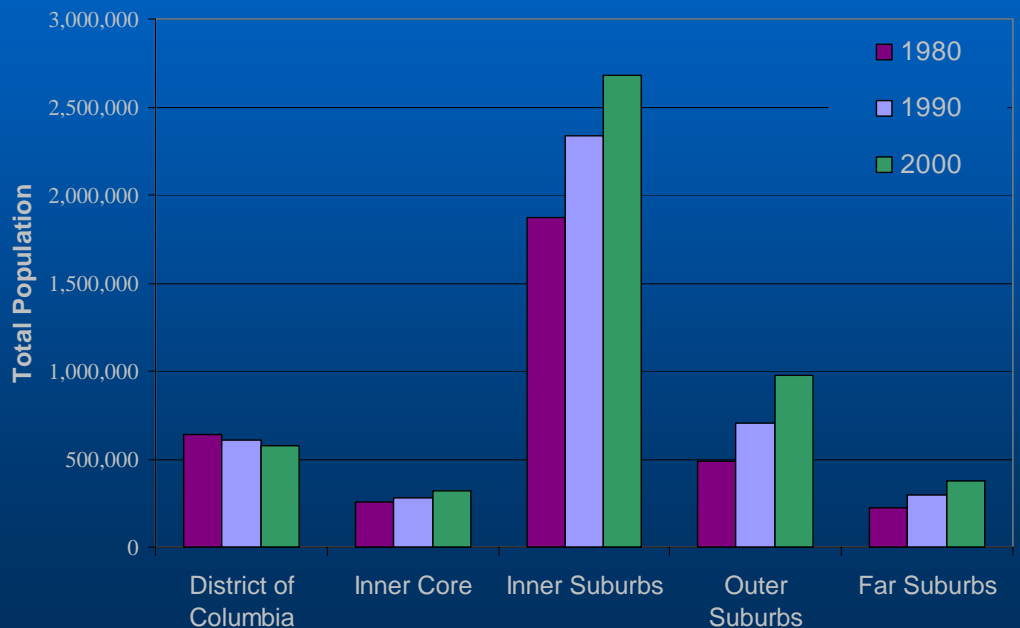
- 25 jurisdictions in DC, MD, and VA, including two counties in WV.
- The official definition of the region has expanded over the years, recognizing growth in the outer suburbs, away from the urban core.
- This is how Census defines the region but there are many other ways to think about the area. COG, for example, doesn't include all the counties shown – only DC, the inner core, the inner suburbs and Prince William, Loudoun and Frederick.
- Howard, Anne Arundel, and Carroll Counties are not included in most standard definitions of the region—they are assigned to Baltimore.
- DC and the “inner core” constitute a small, ten-mile square segment of the region



The Washington region is growing rapidly

Population Growth in the Washington Metro Area, 1980 to 2000

Source: U.S. Census Bureau



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The Washington region is growing rapidly (Brookings)

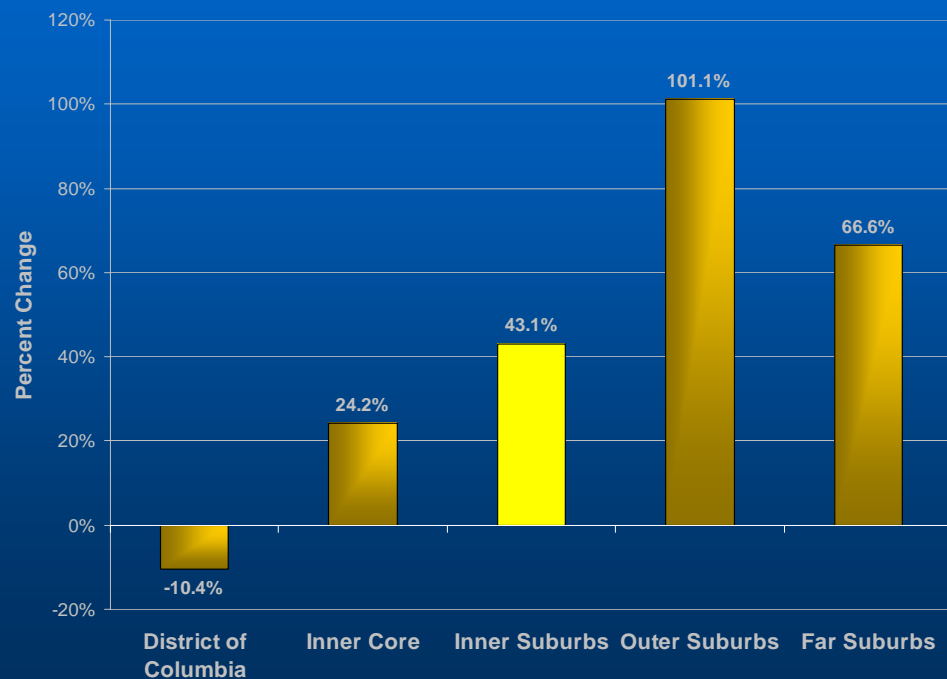
- The region's population grew from 3.5 million in 1980 to 4.9 million in 2000. Census estimates are now over 5 million.
- Typical decentralization story. The central city, DC, lost population in every decade since 1950. 757,000 in 1950; now about 575,000. The population has stabilized and is expected to increase.
- Rapid suburban growth and development, especially in the inner suburbs.
- The three big counties surrounding DC (Fairfax, Prince George's and Montgomery) are the most populous, totaling almost 3 million. In absolute numbers they are growing the fastest.



The outer suburbs are experiencing explosive growth

Percent Change
in Population of
Washington
Metro Region,
1980-2000

Source: U.S. Census
Bureau



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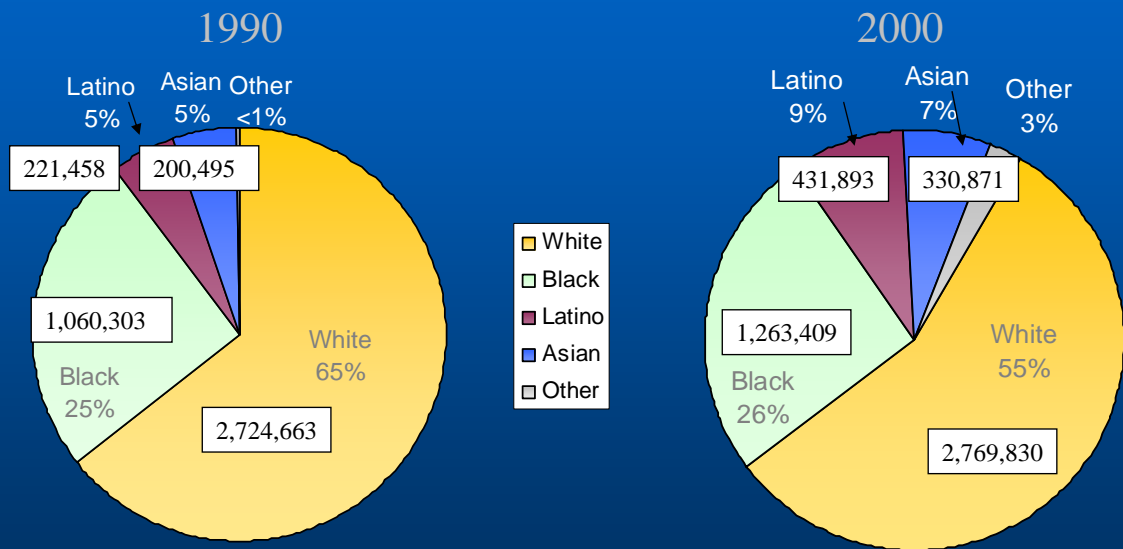
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The outer suburbs are experiencing explosive growth (Brookings)

- The outer counties are experiencing huge percentage increases, more than doubling since 1980. Loudoun County is one of the fastest growing counties in the country, growing by almost 200% since 1980, from about 60,000 to 170,000 in 2000.
- Much of the growth in the outer suburbs is driven by the high housing prices in the inner suburbs – for instance, residents of Fairfax County will move to Loudoun County for a more affordable home.



The Washington region is increasingly diverse



Note: In 1990, "other" refers to race other than those listed. In 2000, "other" refers to race other than those listed in addition to individuals who marked more than once race.

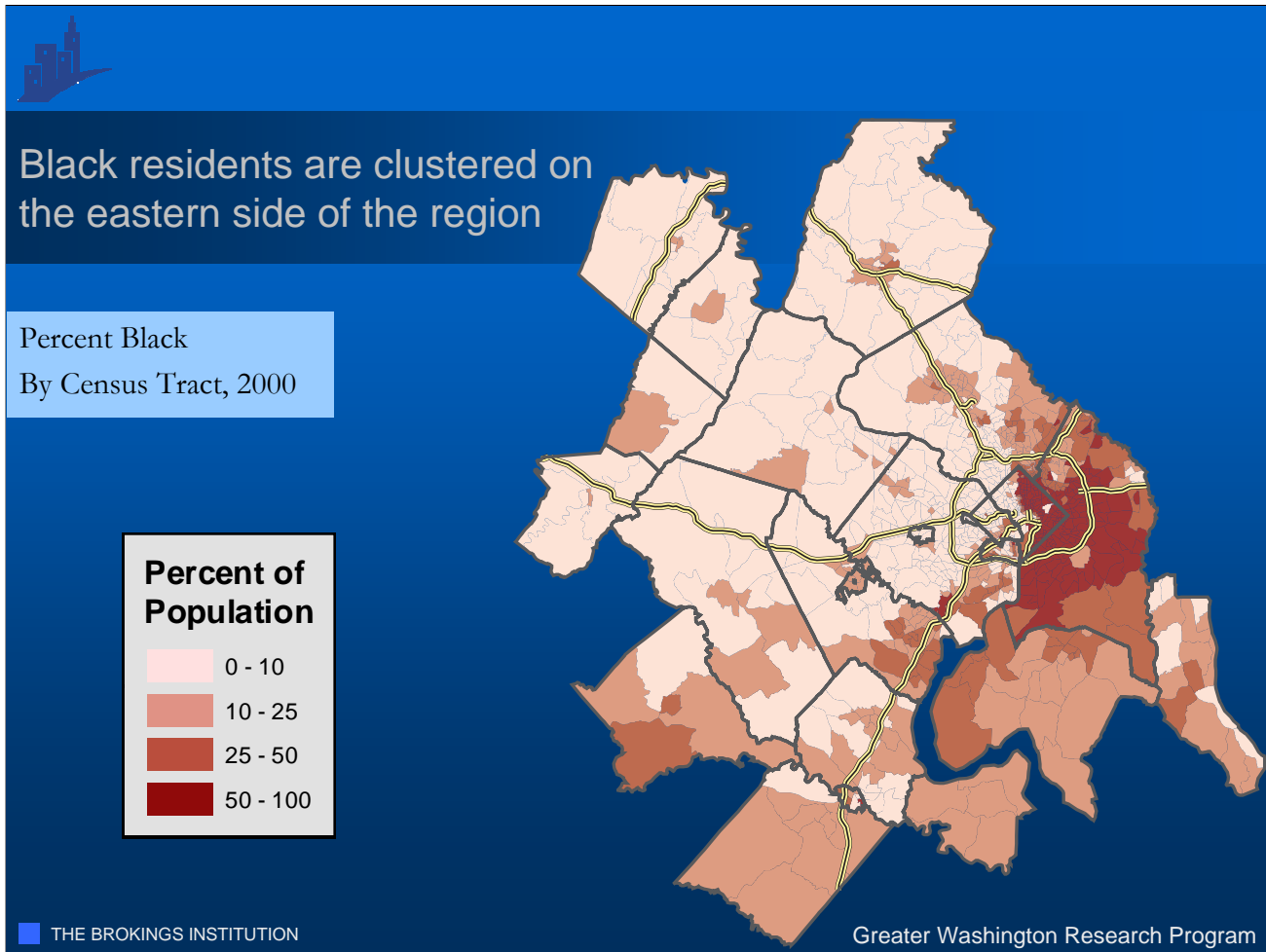
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Source: U.S. Census Bureau

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The Washington region is increasingly diverse (Brookings)

- The region has long had a substantial Black population. The new element is rapid growth of the Asian and Latino communities. The Latino population nearly doubled in the 1990's, rising by 210,000. The share of the white population in the region fell from 65% to 55% in the 1990's, although in absolute numbers it grew slightly. The share of the black population remained stable, and the Latino and Asian populations both increased.
- An exception to the increasing diversity is Prince George's County, which is becoming more and more black.
- Both Fairfax and Montgomery saw substantial increases in the number of Asian and Latino residents. Latinos and Asians each now total about or above 100,000 in each county.
- The District remains majority black, although it lost black residents during the 1990s. (Many of them went to Prince George's County.) The white population remained fairly stable, and the city's Asian and Latino populations increased.
- Geographically, the black/white divide is striking.



Black residents are clustered on the eastern side of the region (Brookings)

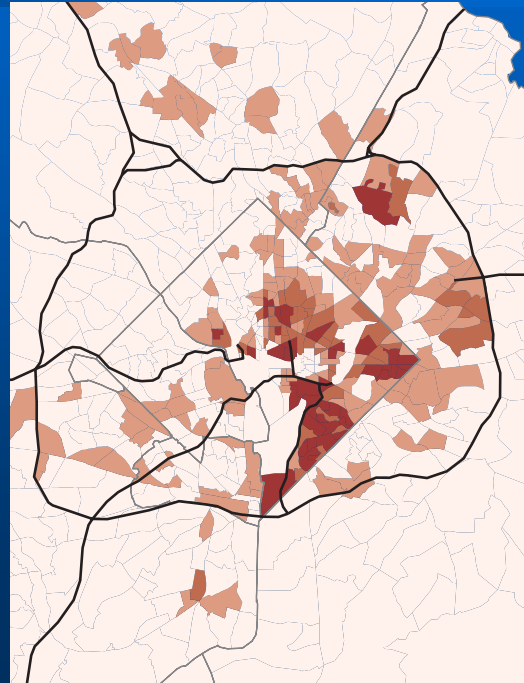
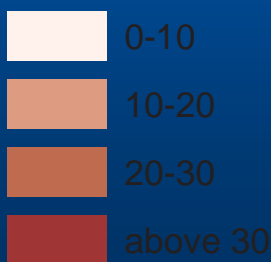
- The black population is highly concentrated on the eastern side of the region, in the District and Prince George's County. Within the District, most blacks live on the eastern side, while whites live in the more affluent Northwest quadrant.
- Many neighborhoods are more than 90% African-American, with many others more than 50% African-American.
- But blacks also widely dispersed throughout the region, especially on the eastern and southern sides.
- The region is also divided by income. With the more affluent—and fastest growing areas on the West and the less affluent, slower growing areas on the East. This regional divide is NOT becoming less stark over time.



Eastern DC and close-in Prince George's county have the most neighborhoods with high poverty levels

Percentage of the population under poverty

Source:
U.S. Census Bureau



Eastern DC and close-in Prince George's county have the most neighborhoods with high poverty levels (Brookings)

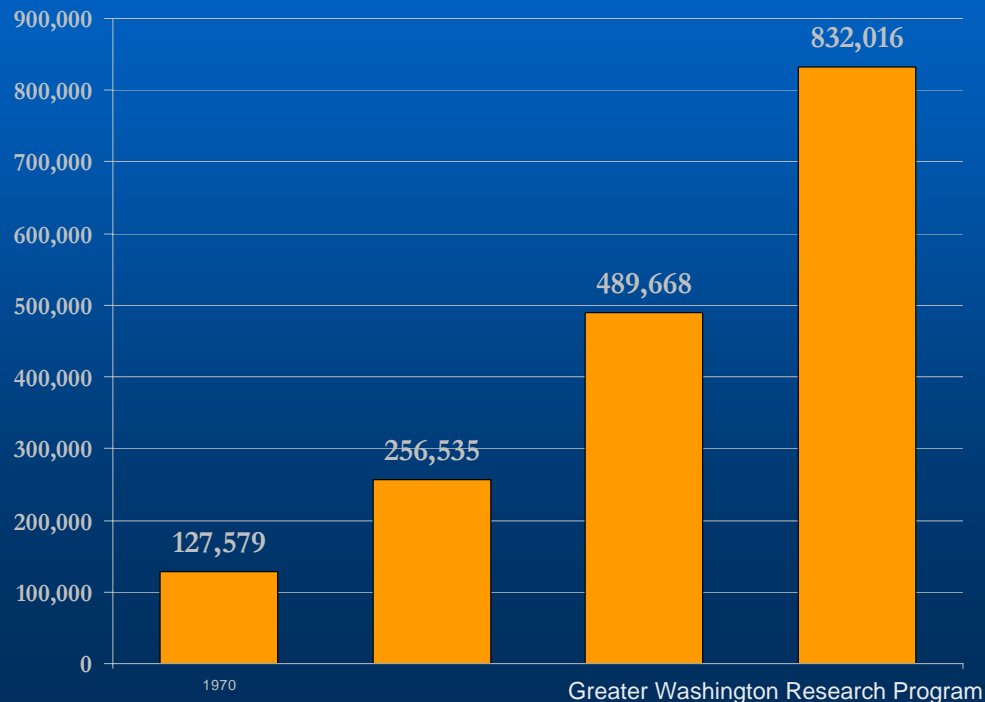
- People in poverty tend to live on the eastern side of the region, with high rates in the eastern side of DC and the inner suburbs of Prince George's County. In 2000, the District's poverty rate was 20%, Prince George's was 7.7%, Montgomery was 5.4%, and Fairfax was 4.5%.
- Concentrated poverty (poverty rates above 30% per census tract) increased in DC over the 1990s, even as the national trend was going the other way, with other urban areas seeing decreases in concentrated poverty. Most of the high-poverty census tracts are located east of the Anacostia River.
- Differences in educational attainment in DC by race and ethnicity are striking, reflecting the socioeconomic divide in the city. 81% of whites in the city hold bachelor's degrees, compared to 18% of blacks (and 25% of Latinos, 58% of Asians). More than half of Latinos and a third of black residents have not completed high school.
- Over all the region is quite prosperous, and the regional median household income reflects that, at \$62,216. Montgomery and Fairfax counties are some of the most affluent in the country, with median incomes of \$71,551 and \$81,050, respectively. The District's median income is roughly half as much, at \$40,127. Prince George's County has a median income of \$55,256 and is one of the most affluent majority-black jurisdictions in the country.



The Washington region is a new immigrant gateway

Immigrants in the Washington Metropolitan Region 1970-2000

Source: US Census Bureau

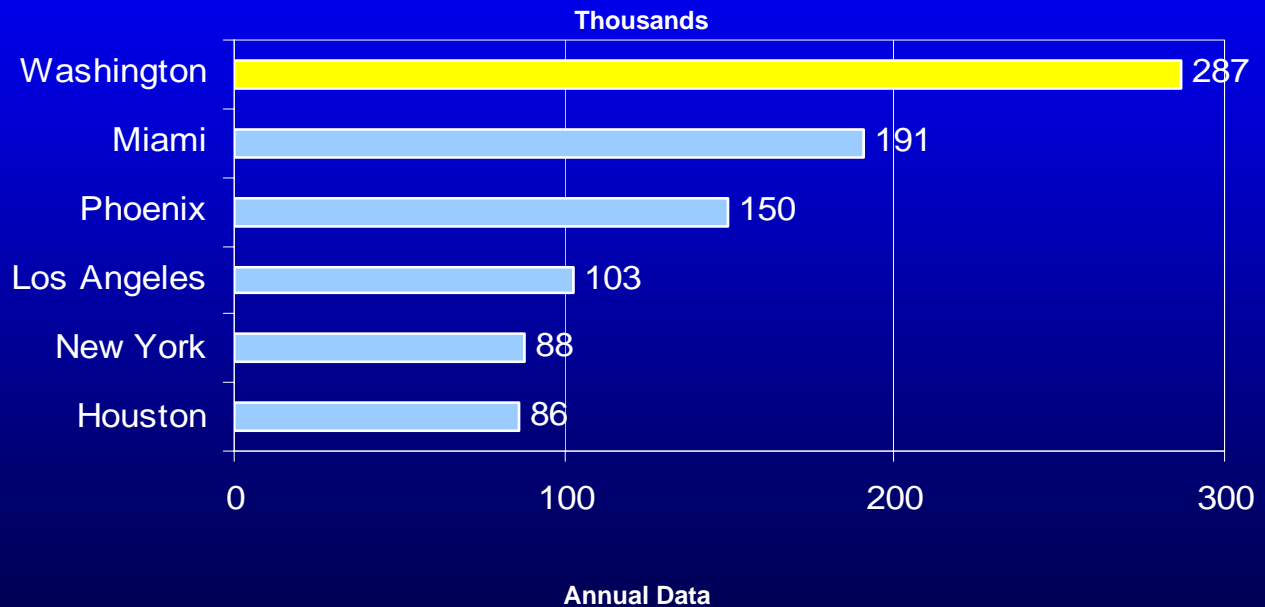


The Washington region is a new immigrant gateway (Brookings)

- Unlike traditional gateway cities for immigrants, like New York and Chicago, immigrants only recently began coming to the region.
- Our foreign-born population grew by 70%, nearly 350,000 during the 1990s.
- We now rank 7th in the number of immigrant residents among metro areas nationwide, behind Los Angeles, New York City, Chicago, Miami, Houston, and Orange County, California.
- Between 1990 and 2000 the foreign-born population rose from less than 500,000 to over 800,000 or from 12 to 17 % of the population. More recent numbers would be bigger.
- The immigrant population is itself diverse. Almost 40% of immigrants are from Latin America or the Caribbean; over a third, from Asia; most of the rest from Africa and Europe.
- No one nationality comes close to being the majority among the foreign-born. People from El Salvador make up the largest group, (the second largest Salvadoran community in the US) but they're only 13% of the total. The next largest groups are from Korea, India, Vietnam, Mexico, the Philippines, and China.
- Most immigrants are clustered in the inner suburbs, but, like the rest of the population, they are also venturing into the outer suburbs.
- In some of the inner jurisdictions – Arlington, Alexandria, and Montgomery – more than one-quarter of the population are immigrants. Fairfax County isn't far behind, at 24%. The District and Prince George's have much lower rates.
- The Asian population is clustered in the inner suburban jurisdictions, primarily on the western side.
- The Latino population is clustered in the inner jurisdictions, including the District.
- Neither Asian nor Latino minorities are as strongly clustered as blacks. No neighborhoods are over 90% Hispanic or Asian, and only a few are over 50%.

Metro Comparisons Job Change Last Five Years

6 Largest Metro Areas



Source: BLS, GMU Center for Regional Analysis



Metro Comparisons Job Change Last 5 years (GMU) *Note: GWU definition of Northern VA does not include Culpeper County or King George's County*

- Economically the Washington region has grown faster than the nation as a whole in recent years and faster than other metro areas—at least partly as a result of booming federal spending
- Of the nation's 6 largest metro areas, Washington has seen the largest increase in jobs over the last 5 years, with 287,000 additional jobs—almost 90,000 in 2005 alone.
- Driven by growth in government procurement, professional and business services have accounted for more than 40% of the job gains in Greater Washington since 1990. These tend to be high-skill, high-paying jobs attracting educated workers
- Thanks to the stabilizing influence of the federal government, Greater Washington has consistently had one of the lowest regional unemployment rates in the country (3.3%).
- Since government spending tends to be relatively stable, the region has generally grown slower during booms and faster during recessions compared with other metros. E.g., the unemployment increased by much less than other metros in the most recent recession.



The population is highly educated

Degrees held by
population of large
metro areas, 2000

Source:
U.S. Census Bureau

Share of population with at least:		
	BA	Grad/Prof
Washington, DC	41.8	18.8
Boston	39.5	16.9
Seattle	35.9	11.7
Minneapolis	33.3	10.1
Atlanta	32.1	10.4
Nassau & Suffolk	31.3	13.7
Orange County	30.8	10.4
Chicago	30.1	11.1
Dallas	30.0	9.5
UNITED STATES	24.4	8.9

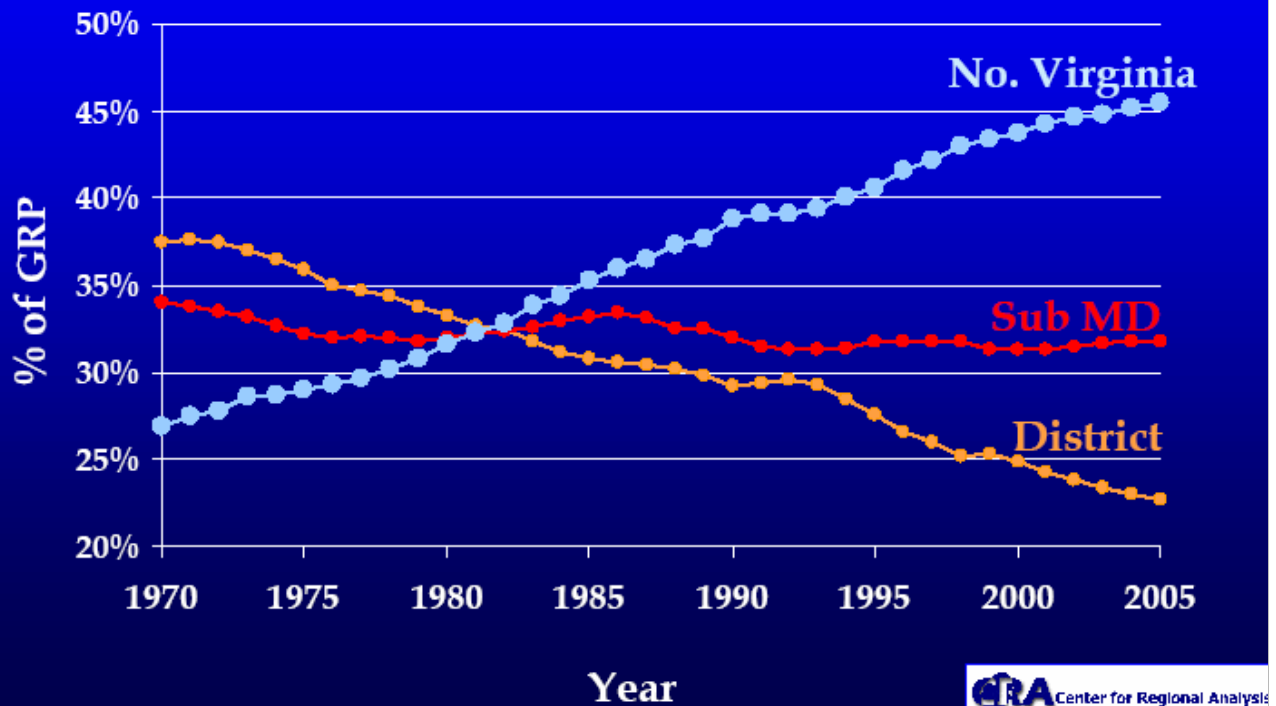
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The population is highly educated (Brookings)

- This is the best educated major metro area in the country: 42% of residents have a bachelors' degree, compared to a national rate of 24%. The inner suburbs have the highest rate – 48% have bachelor's degrees.
- Educational attainment varies by race and ethnicity. Region wide, 54% of Asians have bachelors' degrees, as do 50% of whites, 24% of blacks, and 21% of Hispanics.

Share of Washington Area Economy 1970-2005

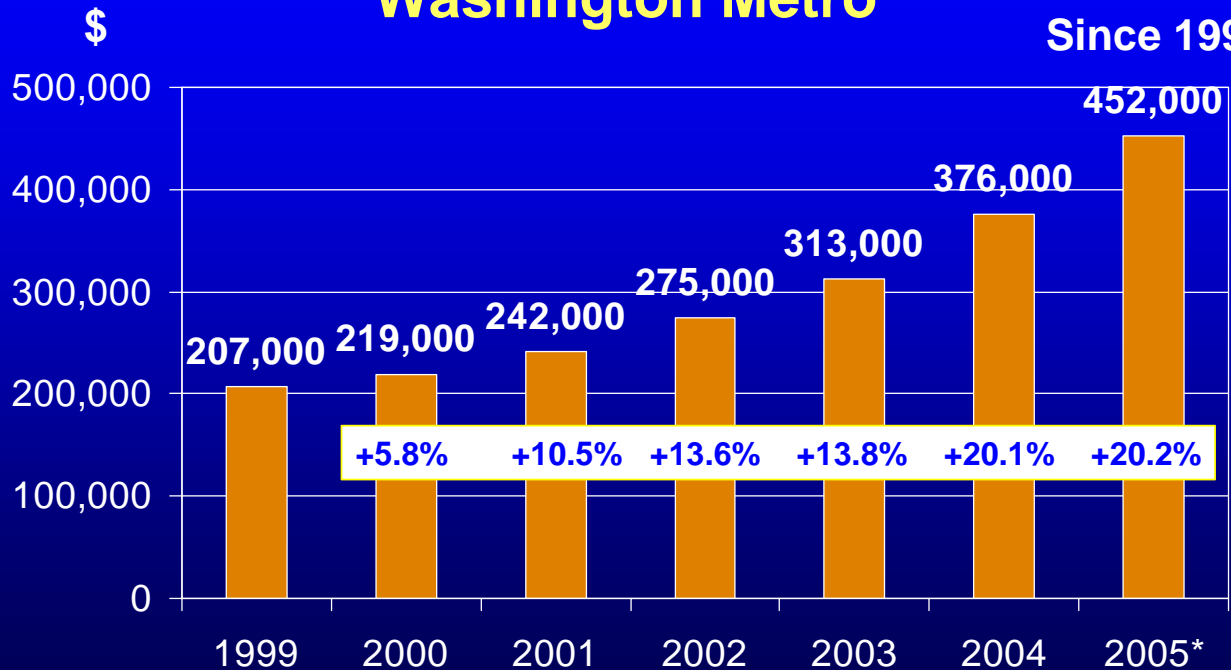


Share of Washington area economy 1970-2005 (GMU)

- Growth has not been spread equally through the region.
- Growth has been dramatic in the Northern Virginia economy. Once only about 27% of the area's economy, now economic activity in Northern Virginia makes up over 45% of the Gross Regional Product.
- Suburban Maryland and the District's relative share of the area economy have fallen behind since 1970 to approximately 32 and 23 percent respectively.
- Defense related industries have been concentrated in Northern Virginia, which partially explains why Northern Virginia has been experiencing such rapid economic and population growth.
- Prosperity and job growth have fueled a housing boom.

Average Sales Price All Housing Types Washington Metro

+ 118%
Since 1999



Source: MRIS, GMU Center for Regional Analysis

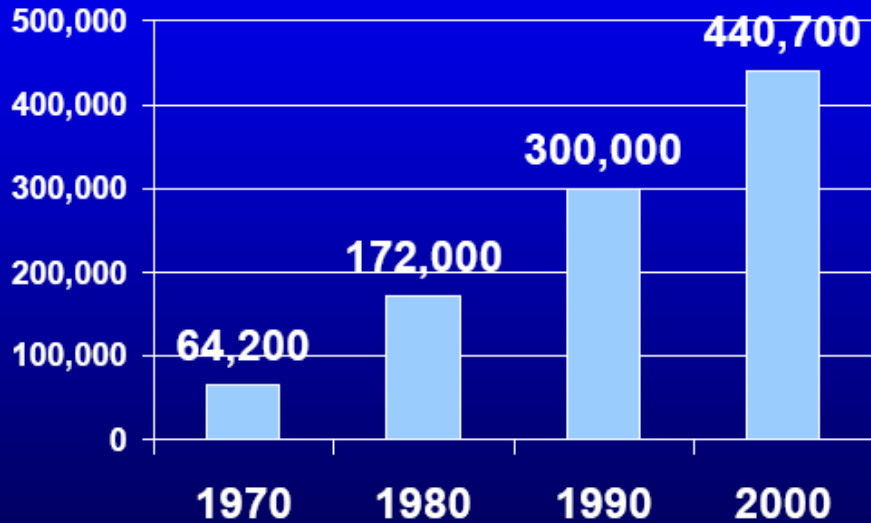
* Jan-Nov 2005

CRA Center for Regional Analysis

Average Sales Price All Housing Types Washington Metro (GMU)

- Housing prices have been rising rapidly around the entire region. The Washington Metro is well on its way to crossing the ½ million dollar threshold for average house sales price.
- The median value of a new house in the Washington area is over 4.5 times the median income in the area.
- Only Phoenix and Miami had a greater percent increase in house prices over the 2004-2005 period. Washington house prices increased 20.6 percent.
- The region's lower income residents are really struggling to afford housing in the current economic climate.
- In 2000, 69% of households with incomes below \$35,000 and 84% of households with incomes below \$10,000 lived in "unaffordable" housing. Unaffordable was defined as paying more than 30% per year for housing.
- In 2000 the District was the most affordable area for low-income households, but still about 60% of households with income below \$35,000 and about 80% of households below \$10,000 paid unaffordable housing costs.
- Note that Census data on affordability comes from 2000 at the start of its current boom. If similar data were available today, it would most likely show housing being even more unaffordable in 2005.*

Workers Commuting into Beltway and Central Jurisdictions from Outer Counties: 1970-2000



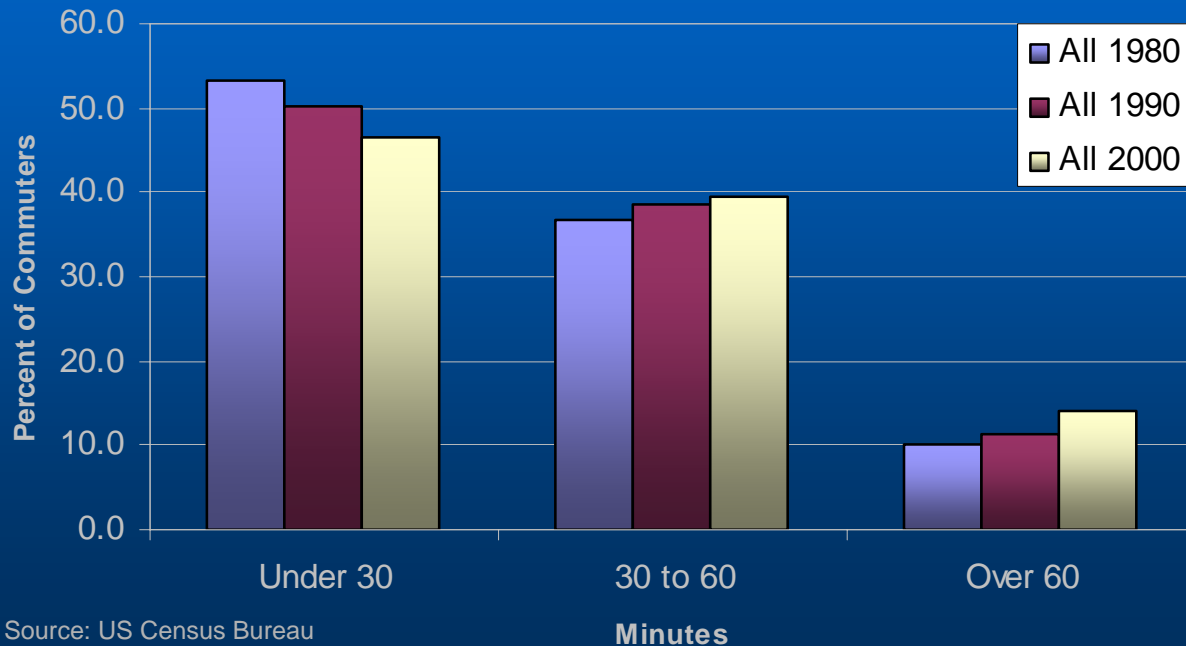
CRA Center for Regional Analysis

Workers Commuting into Beltway and Central Jurisdictions from Outer Counties (Brookings)

- Each decade since 1970 has seen an increase of over 100,000 commuters coming into the region from the outer counties.
- This growth increases traffic congestion and commuting times, especially in areas within the Beltway and on major arteries leading in the city.

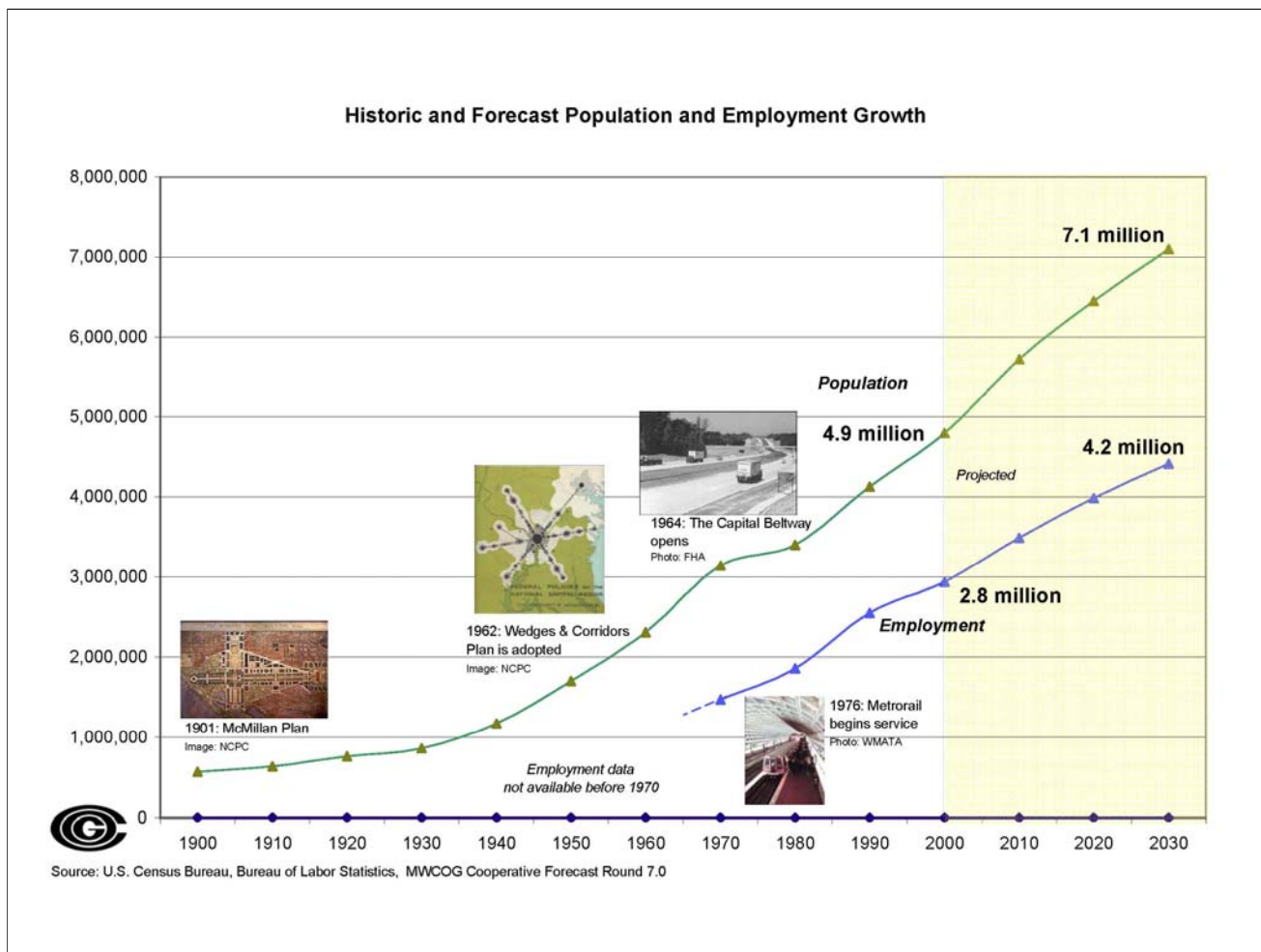


The amount of time spent commuting to work has gradually increased



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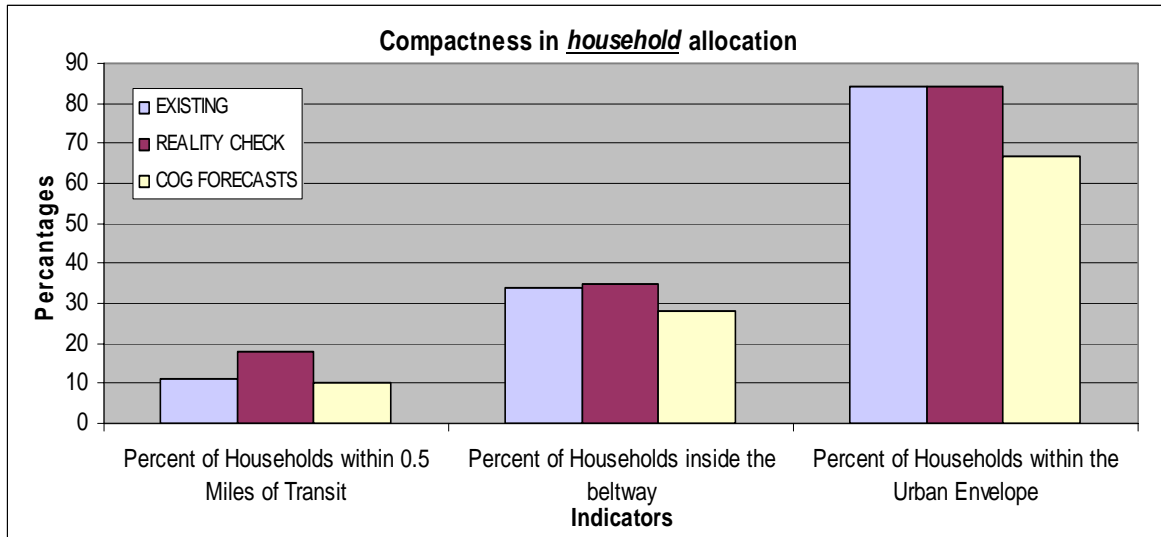
- The amount of time spent commuting to work has gradually increased.
- According to the US Census Bureau the average commute to work in 1980 was between 20 and 29 minutes. 1990 saw an increase to between 25 and 29 minutes. In 2000 that time had again increased to between 30 and 34 minutes.
- The percentage of commuters with greater than 30 minute commutes has increased since 1980.
 1. 1980 – 47%
 2. 1990 – 50%
 3. 2000 – 54%
- This increase is partly due to greater congestion as more workers commute to jobs within the city and surrounding counties. High growth rates in areas further from the inner core also lead to increases in commuting times as distance traveled to jobs increases.



Historic and forecast population and employment growth (COG)

- COG estimates that by 2030 we will have 7.1 million people and 4.2 million jobs.
- COG also predicts that the inner suburbs will still have the highest numbers of residents, increasing to over 3 million, but the outer suburbs have the largest percentage increase, reaching almost 1.8 million.
- As with population, the inner and outer counties are forecast by COG to experience growth in jobs over the coming decades. However, job growth in the regional center is expected to be relatively stronger than central population growth, further exacerbating metropolitan sprawl, traffic congestion, and the mismatch between residences and jobs.

Compared with COG's regional forecast, RC participants placed a larger share of **households** closer to transit, inside the beltway, and within the existing urban envelope



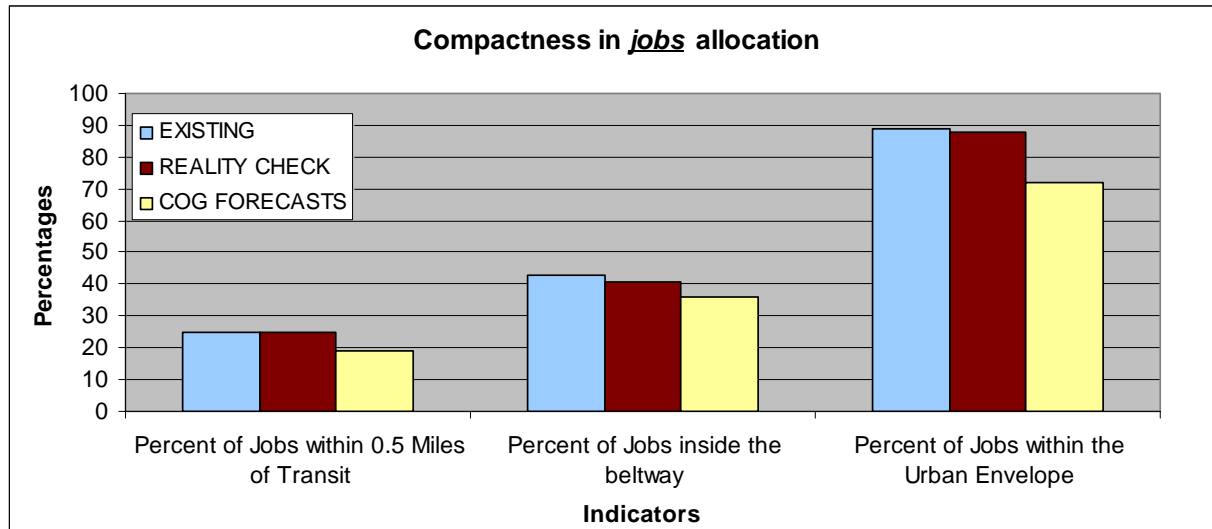
National Center for Smart Growth Research and Education, University of Maryland, College Park
 ULI Washington Smart Growth Alliance Fannie Mae Foundation Fannie Mae



Compared with COG's regional forecast, Reality Check participants placed a larger share of households closer to transit, inside the beltway, and within the existing urban envelope. (UMD)

- One year ago participants at the Reality Check meeting identified these principles as necessary for future growth initiatives:
 - *Preserve and protect open space*
 - *Focus development near transit stations*
 - *Maintain jobs-housing balance*
 - *Concentrate development along transportation corridors*
 - *Concentrate development around existing town centers*
 - *Create mixed use nodes*
 - *Develop the east side of region*
 - *Offer more housing choices*
- Many of the principles address some of the larger forces that play a role in shaping the region – including environmental and transportation concerns.

Compared with COG's regional forecast, RC participants placed a larger share of **jobs** closer to transit, inside the beltway, and within the existing urban envelope.



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Forces that will shape the region's future

- Globalization and structural transformation of metropolitan economies
- Demographic shifts
- Continuing technological shifts
- Environmental constraints
- Reorganization of business institutions

Forces that will shape the Region's future (GWU)

- National and global forces will influence what happens in this region.
- Globalization and structural transformation of metropolitan economies. Here and elsewhere the emphasis is shifting away from manufacturing and toward business services, health, and education in which we have a strong comparative advantage. The risk is greater income inequality--those not in the mainstream of the knowledge economy falling increasingly behind.
- Demographic shifts – immigration, aging, growing proportions of non-traditional households – will change priorities in both the public and private sectors. The need for assisted living facilities will grow faster than the need for schools, for example, and health care is a guaranteed growth industry.
- Continuing technological changes will affect all aspects of work – what is done, where it is done, and who does it – and will have enormous consequences for workforce development.
- Environmental constraints – including water supplies, air quality, and Chesapeake Bay and river protection requirements; and energy costs will have a direct effect on transportation and housing costs as well as public policies that affect the distribution of growth.
- The ongoing reorganization of business institutions – especially financial institutions – will affect the ways in which business leaders participate in regional economic and public policy.



Challenges Going Forward

1. Radical increases in density
2. Regional power sharing
3. Revenue sharing
4. Integrated transportation and planning
5. Environmental issues
6. Fair and affordable housing

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6 Challenges to be Addressed

We are not passive agents pushed around by global forces. We can take charge of shaping our future. We have the wind at our back and enormous opportunities to make this a great region.

- We are going to need radical increases in density to control sprawl and congestion and keep the region livable.
- We are going to need to think as a region and transfer power to regional authorities in some instances, and share revenues in others to make necessary changes happen.
- Especially with respect to transportation we have to think, act, and fund regionally to get a more efficient and workable transportation system. Modernizing and improving Metro is the first challenge here, but only the first.
- We have to think and act regionally on environmental issues. Air and water do not respect political jurisdictions.
- We need to be aggressive about developing affordable housing closer to where jobs are. Our region has the third highest housing prices among metro areas in the country. We will lose workers if we can't offer them affordable housing.
- Above all, we need to work hard on becoming a more inclusive region, less divided by race and income, a better example of a region with opportunities for all.

If we build on our strengths and implement our values we can have a National Capital Region of which we and the rest of the nation can be proud.