

# Capital Dilemma

Growth and Inequality in  
Washington, D.C.

*Edited by*  
Derek Hyra and Sabiyha Prince



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# 6

## "WE ARE HEADED FOR SOME BAD TROUBLE"

### Gentrification and Displacement in Washington, DC, 1920–2014

*Chris Myers Asch and George Derek Musgrove*

The city was changing at a breakneck speed. After decades of White flight, young professionals were moving back to Washington, DC, anxious for a taste of the city life their parents had left a generation before. To meet the demand, developers converted scores of dilapidated apartment buildings into condominiums, while contractors and individual homebuyers purchased, gutted, and restored house after house in poor, run-down areas of the old L'Enfant city. As higher-income people moved in, housing prices skyrocketed, attracting even more speculators, investors, and homebuyers eager to capitalize on the boom.

While some business owners and city tax collectors celebrated the return of young professionals, others viewed them with dread. The frenzy of real estate speculation that the newcomers set in motion displaced thousands of poor renters and sent them scrambling for affordable housing. So great was the level of displacement that *The Washington Post's* real estate columnist fretted that the rapid movement of young professionals into the center city was forcing the urban poor and the suburban middle class into a disruptive game of "musical chairs" (Von Eckardt, 1979).

To contemporary residents of Washington, DC, these scenes seem all too familiar after a well-publicized, 15-year burst of development and displacement that has fundamentally changed the physical, demographic, and political terrain of the capital city. Yet these stories describe Washington, DC in 1979, not 2015. The process of gentrification that the city has experienced in the early 21st century goes back much further than current news coverage and popular lore make it seem. Indeed, far from being a new or unprecedented phenomenon, the surge of development and displacement in the early 21st century is in fact the fourth wave of "private revitalization" or "gentrification" to wash over the city in the

past century.<sup>1</sup> Earlier waves engulfed Georgetown in the 1920s through the 1950s; Capitol Hill, Foggy Bottom, and Kalorama in the 1940s and 1950s; and Capitol Hill, Hill East, Logan Circle, Dupont Circle, Mount Pleasant, Adams Morgan, and LeDroit Park in the 1970s and 1980s. The contemporary wave, which dates to the late 1990s, has covered nearly all of the old city and beyond, reaching as far north as Petworth and as far east as historic Anacostia. Slowed but not stopped by the economic crisis of 2007–2008, it continues to spread further into formerly low-income parts of Washington, DC (Shin, 2012).

In the past 40 years, historians, geographers, linguists, and anthropologists have produced a rich body of research on gentrification in the city, typically focusing on a single wave or neighborhood (Berry Sherwood, 1978; Gale, 1982, 1987; Henig, 1982; Huron, 2012, 2014; Hyra, forthcoming; Jones, 2010; Lesko, Babb, & Gibbs, 1991; Logan, 2015; Modan, 2007; Paige & Reuss, 1983; Prince, 2014; Ruble, 2012; Smith 1974; Turner, 1998; Wells, 2013; Williams, 1988; Zeitz, 1979). This chapter synthesizes that research, traces the connections between the different waves, and makes the case that gentrification has had a pronounced impact on race relations and city politics, with battles over changing neighborhoods shaping residents' reactions to successive waves.

Although each of the four waves emerged from its own particular historical context, they nonetheless had similar causes. Fundamental to all but one was the expansion of the federal government and its ancillary industries, which attracted young, well-educated professionals to the city. These new residents were typically (but never exclusively) young, White, and childless. Although solidly middle class, they generally were not wealthy, and for economic, and often aesthetic and social, reasons they sought relatively cheaper housing in economically marginalized neighborhoods. Frequently aided by public policies designed to encourage development, their efforts created or expanded pockets of affluence in poor and working-class communities, making them attractive to others of their class and social group. Once these areas became fashionable, additional young professionals and developers flooded in, attracted both by the cachet that these neighborhoods now offered, and the new amenities and investment possibilities made available by their presence.

The new residents displaced renters both physically (by purchasing houses and apartments formerly occupied by renters) and through market pressure (by increasing property values, thereby moving landlords to raise rents). They exerted a similar pressure on the much smaller number of poor and working-class homeowners in these neighborhoods who faced increased tax bills and cultural alienation from their new neighbors. Despite improved services and rising property values, most older residents viewed gentrification as a threat and turned to the federal or city government to mitigate its effects. Until the advent of home rule, their pleas were ignored. In the 1970s, however, the newly minted City Council responded by passing some of the most ambitious anti-displacement legislation

in the country, which, although it did not stop the third wave, served as a breaker behind which some of the poor could find safe harbor. In the early 21st century, when the fourth wave rolled across the city, some of the poor were again able to use these laws to steel themselves against the rough surf. The sheer size and power of the fourth wave, however, topped these barriers, swept the poor into the eastern wards and Prince George's County, Maryland, and ended the Black majority that had defined city life for half a century.

### The First Wave: Georgetown

When housing advocate and journalist John Ihlder moved to Washington, DC in 1920, housing was scarce and prices were high. Mobilization for the Great War had swelled the city's population to more than 437,000—down from the wartime high of 526,000 in 1918, but still substantially more than the 350,000 who lived in the city at the start of hostilities. A Cornell graduate with a young family, Ihlder sought safe and respectable housing, preferably within walking distance of his office at the Chamber of Commerce just north of Lafayette Park. With most of the affordable downtown housing consisting of rooming houses, outdated apartment buildings, alley dwellings, and properties in African American or mixed-race neighborhoods, he had few viable options. There was, however, the charming but unfashionable neighborhood of Georgetown. In the 1910s, a number of well-bred federal workers, most from the Smithsonian and the State Department, had moved to the area. They were drawn to the beautiful federal-style mansions, quaint row houses, and small-town feel of the old port city. In small but significant numbers they began purchasing and revitalizing homes in the north and east of the neighborhood. Ihlder joined their ranks in 1920 when he bought a three-story brick row house at 2811 O Street, NW (Gale, 1982). Although they could not have predicted it at the time, Ihlder and his neighbors had set in motion a chain of events that would make Georgetown one of the most exclusive neighborhoods in the city and set the template for "private revitalization" for the next six decades.

Founded in the mid-18th century to warehouse tobacco gathered from the surrounding plantations, Georgetown was the oldest community in the District of Columbia. On the heights above the Potomac, the town's elite built beautiful colonial and neoclassical-style mansions that gave the town an air of gentility that was well regarded in adjoining Washington City. In the mid-19th century, Georgetown expanded to handle the traffic of the Chesapeake and Ohio Canal, and light industry came to replace tobacco processing. Workers packed into narrow row houses or boarding houses near the Canal, while middle- and upper-class families purchased spacious federal-style townhouses further up the hill. Population pressures from nearby Washington City brought a burst of alley dwelling construction during the Civil War, as well as dozens of new Victorian-style row houses in the undeveloped Northeast section near Rock Creek, in the late century.

Although dynamic in its first 150 years, by the early 20th century Georgetown had stagnated. In the first two decades of the new century, the canal faded into irrelevance and local manufacturers lost market share to national competitors. Georgetown's diverse housing stock, once the envy of Washington City, began to show its age, and certain areas of the neighborhood became run down. Younger residents moved away and, outside of an increase during the citywide housing crisis of the Great War, the neighborhood steadily lost population (Gale, 1982).

While forgotten by many in the neighborhoods across Rock Creek, Georgetown was nonetheless home to a number of diverse and vibrant communities. As historians Kathleen Lesko, Valerie Babb, and C. R. Gibbs have observed, the neighborhood hosted a rich "mosaic" of class and racial groups, from the shabby aristocracy who clung to their outdated mansions atop the hill to the poor Irish and Black workers of the alleys and rooming houses below (Gale, 1982; Lesko, Babb, & Gibbs, 1991).

In this environment, few residents thought much about the handful of young professionals such as Ihlder who purchased and fixed up old houses. They had been moving to the neighborhood for more than a decade with little noticeable impact on the larger community. In 1924, however, the newcomers coalesced into a distinct interest group and began to exert a disproportionate influence on the whole. That year they joined with older elites from the (White) Georgetown Citizens Association to oppose developers' plans to construct modern apartment buildings in the east of the neighborhood near Rock Creek. As the head of the association's Home Owners Committee, Ihlder succeeded in securing zoning restrictions that limited new construction and, the association hoped, maintained the small town feel of the neighborhood. The spectacle of their beautifully restored homes drew the attention of the local press, who, by late decade, began to refer to a "revitalization movement" in central Georgetown (Gale, 1982; Howick Fant, 1982). In 1930, these revitalization advocates allowed the public into their 18th-century mansions and restored federal-style row houses as part of a "house tour" sponsored by St. John's Church. Within a few short years, their efforts altered the perception of Georgetown among many White Washingtonians. Previously dismissed as a crumbling, working-class backwater, by mid-decade the neighborhood was described as "quaint," "genteel," even "fashionable" (Gale, 1982).

The change in Georgetown's popular image coincided with an enormous growth in the federal workforce under Franklin Delano Roosevelt's New Deal, and the two together spurred significant change in the neighborhood. Between 1933 and 1935, FDR called for, and Congress created, an alphabet soup of federal agencies that hired legions of lawyers, clerks, statisticians, and other white-collar workers at the breathtaking rate of 10,000 per year (Gale, 1987). Georgetown attracted a disproportionate share of these newcomers, along with

a significant number of journalists and members of Congress. The area even gained a bohemian flavor from the many artists who flocked around First Lady Eleanor Roosevelt. As their numbers increased and the society pages focused on their dinner parties and salons, restoration began to take on a momentum of its own, simultaneously transforming the public perception of the neighborhood and drawing in greater and greater numbers of young professionals (Gale, 1982).

The rapid movement of young professionals into this predominantly working-class neighborhood created uncharacteristic concentrations of wealth and poverty, Black and White, living side by side, as the rest of the city was growing more segregated. Since the 1890s Washington, DC real estate agents, developers, and lenders had labored to create a segregated housing market. Agents steered buyers to different neighborhoods based on race, White developers used covenants to create racial exclusivity, and lenders denied African Americans credit in the legitimate housing market independent of their ability to pay. The Supreme Court gave their activities official sanction in 1926 when it upheld the use of racial covenants among White property owners in *Corrigan v. Buckley*. In 1934, the Federal Housing Administration (FHA) lent executive support to these policies by creating instructions for lenders that required them to designate any non-White or racially mixed neighborhood as "high risk." In the ensuing decades, these FHA guidelines funneled millions of dollars to the White neighborhoods outside of the L'Enfant city and the suburbs beyond. Almost no federally subsidized loans went to Black and mixed-race neighborhoods. By the 1930s, these policies had created a thoroughly class- and race-segregated housing market in the areas outside of the old L'Enfant city (Green, 1976; Jackson, 1980).

Revitalization advocates helped bring these trends to Georgetown. Many new residents associated working-class people and all Black residents with "blight" and applauded any developments that led to their removal. Writing in the *Georgetown News* in 1936, real estate agent Joseph Wise noted that "many excellent people have come over here and taken over small and inferior dwellings, some of which have been inhabited by colored people, and have made them into very acceptable residences. This is a distinct improvement to Georgetown" (Gale, 1982, p. 191).

Unsurprisingly, revitalization led to displacement. Between 1940 and 1960, the number of units occupied by Black renters, the most vulnerable of the neighborhood's working class, dropped from 20% to 3% of the population. In an era before renters' rights, Black Georgetown resident and retired police officer Everett Payne explained the startling simplicity with which this process took place: "see, they'd come in, y'see. And, um, y'see when the people owned it . . . (if) you was rentin', you had to move" (Gale, 1982, pp. 209 and 188).

Some Black residents attempted to fight displacement by purchasing their homes, only to be denied credit by local banks. But homeownership was no bar



to displacement. Although Georgetown's small number of Black homeowners remained constant from 1940 to 1950, it too began a steep decline as the community began to ossify. With most of the renters gone, Black schools were drained of students, churches of parishioners, and businesses of customers. With little to keep them in the old neighborhood, and real estate agents offering them significant sums for their homes, these homeowners too moved away (Gale, 1982; Lesko, Babb, & Gibbs, 1991).

By the 1940s, Georgetown revitalization advocates began applying the new concept of "historic preservation" to guide their efforts. Previously, they had not been particularly interested in restoring houses; individual homeowners had simply remodeled their homes in whatever style they preferred. In the 1930s, however, many developed a taste for Georgetown history, consuming book after book on the subject (Gale, 1982). In the following decade, they joined the national push to preserve historic sites that would result in the creation of the National Trust for Historic Preservation in 1949. Working under the assumption that "the majority of residents in Georgetown lived there because of its esthetic qualities, especially the character of the area, created by examples of colonial and Federal architecture," the (all-White) Progressive Citizens Association of Georgetown drew up the Old Georgetown Act, federal legislation designating the entire neighborhood above M Street as a historic area. The bill would have required that all of the facades of houses in the area be maintained in their current form and that any new buildings be submitted to a panel of architects to ensure that they matched the historic character of the neighborhood (*The Washington Post*, 1957).

The congressional hearings on the Old Georgetown Act gave Black residents their first governmental forum for voicing their concerns about displacement. Testifying on behalf of Georgetown's Black community were Rev. J.D. Foy, pastor of Mt. Zion United Methodist Church, and Mrs. Gertrude T. Waters, a schoolteacher. Both voiced their concerns that the historic designation would only accelerate the process of displacement, already well advanced. The bill's supporters countered that the rise of home prices was a race-neutral market force (conveniently ignoring the discriminatory real estate market that had enveloped the city) and claimed that no extralegal coercive practices were being used to displace Black residents. Because no overt racial coercion could be proved, they continued, the bill should be passed. The congressmen, already disinclined to pay much heed to these Black residents, and many of who had colleagues and staff who lived in Georgetown, overwhelmingly agreed (Gale, 1982).

By 1960, what was being called "restoration" had so changed Georgetown that few who knew the neighborhood in the 1920s could recognize it. Between M Street and the Potomac River, much of the old industrial area remained intact, although business had slowed to a crawl. Along the M Street commercial strip, however, working-class-oriented wholesalers, hardware stores, and beauty shops had given way to antique shops and cafés catering to a wealthier clientele. Tucked

along the residential streets to the north were the homes of 767 members of the press, 57 congressmen, and scores of their social and economic peers. Although a few working-class families and blue-collar businesses remained, they clearly were relics of a bygone era. Perhaps no event better symbolized this transformation than President-elect John Kennedy's departure for his inauguration from his townhouse at 3307 N Street in January 1961. In 30 short years, Georgetown had been transformed from a neglected working-class community into one of the most expensive and prestigious areas in the city (Gale, 1982; Herken, 2014).

The Georgetown experience is critical for understanding gentrification in Washington, DC. Well through the 1980s, city residents, Black and White, rich and poor, viewed Georgetown as the preeminent symbol of private restoration and the creation of a race- and class-exclusive neighborhood.<sup>2</sup> They diverged, however, in their interpretation of how that process occurred and to whose benefit. As Lesko, Babb, and Gibbs note, in the 1930s and 1940s, as "poorer families began to vie with restorationists for existing property, two parallel Georgetown histories emerged. One is a written record . . . [of] non-racial gentrification by property owners motivated primarily by preserving value of their investments. The other is an oral story told quietly by current and former Black Georgetowners who remember being forced out intentionally by developers and restorers" (1991, p. 89).

### **The Second Wave: Becoming a National Leader in "Inner City Revitalization"**

By the early 1950s, Benjamin Burch must have seen the writing on the wall. A builder specializing in renovating older homes, he had made good money in Georgetown during the late 1940s. But the supply of inexpensive older properties was beginning to dry up in the fast-changing neighborhood. Scanning the city for a new community where he could buy cheaply, he fixed on Foggy Bottom, an old industrial area southeast of Georgetown where alley houses abounded and African American renters predominated. Amateur developers had attempted to flip properties in the northeastern section of the neighborhood as early as the late 1930s, but their efforts had not precipitated a revitalization movement. Young professionals, it appeared, were wary of investing in an industrial slum where most of their neighbors would be poor and working-class African Americans for the foreseeable future. In the early 1950s, however, Burch undoubtedly believed that things would be different. Most of the massive gas storage tanks that had dominated the area near the waterfront were now gone, and developers were considering building apartments in their stead (Berry Sherwood, 1978). Additionally, the Georgetown restoration movement had reached a point where prices were moving beyond many young professionals' means to pay. If Burch could supply an alternative in Foggy Bottom, the neighborhood might just take off.

In 1952, Burch purchased four houses at 2218–24 Virginia Avenue and another at 2423 I Street and began restoring them with the financial backing of the Woodward and Norris real estate firm. He advertised the houses to young professionals then shopping in Georgetown, and they sold quickly (*Evening Star*, 1952a, 1952b). Over the course of the next eight years, he restored 20 more neighborhood houses. A number of developers and flippers rushed to copy Burch's example. Georgetown residents Jonas and Jean Robitscher purchased and remodeled 26 alley houses in Snow's Court, not far from Burch's I Street property. Eleanor Dulles, sister to Secretary of State John Foster Dulles, bought several properties in the adjoining Green's Court. After three years of frenzied construction, these developers and amateur flippers had renovated about 150 buildings, more than a quarter of the neighborhood stock (Beveridge, 1955). Young professionals rushed to snap up the new properties, and Foggy Bottom, along with Capitol Hill and Kalorama, emerged as one of the swells of second-wave private restoration in Washington, DC.

Like the first wave, second-wave restoration was generated by the postwar demand for "in town" housing by young, white-collar federal workers, many of whom arrived during World War II and stayed to lend their talents to the emerging Cold War. African Americans, swept up in the Second Great Migration, also journeyed to the city in large numbers during this period. Together these transplants increased the District's population from 663,000 in 1940 to roughly 900,000 at the height of the war emergency in 1943 before settling at 802,000 in 1950, a level unmatched since (US Census, 1941, 1951, 1996).

They entered a thoroughly segregated housing market. Hemmed in by the invisible walls erected by lenders, real estate agents, and White homeowners, Black migrants packed into a center-city "black belt" that looped in a giant arc from Foggy Bottom in the west around downtown to the southwest. By expanding at the edges, the black belt came to encompass much of the area below Florida Avenue and between Rock Creek and the Anacostia River by the early 1950s, raising fears of "blight" among White residents, city leaders, and the editorial board of *The Washington Post* (Roberts, 1952). Most White newcomers, on the other hand, moved to Georgetown, the (segregated) neighborhoods that ringed the center city, or the growing suburbs of Prince George's, Montgomery, and Arlington Counties. Following the Supreme Court's 1948 decision in *Hurd v. Hodge* invalidating restrictive covenants, and its 1954 decision in *Bolling v. Sharpe* striking down the city's segregated schools, many White residents fled the city altogether for the still (de facto) segregated suburbs (Clement, 2004; Gillette, 2006; Green, 1969; Johnson, 1963; Modan, 2006). Yet some desired the urban experience that many young professionals had made for themselves in Georgetown, and they propelled the second wave.

Long before Burch and his backers began revitalizing properties in Foggy Bottom, a small group of young professionals had created a restoration beachhead