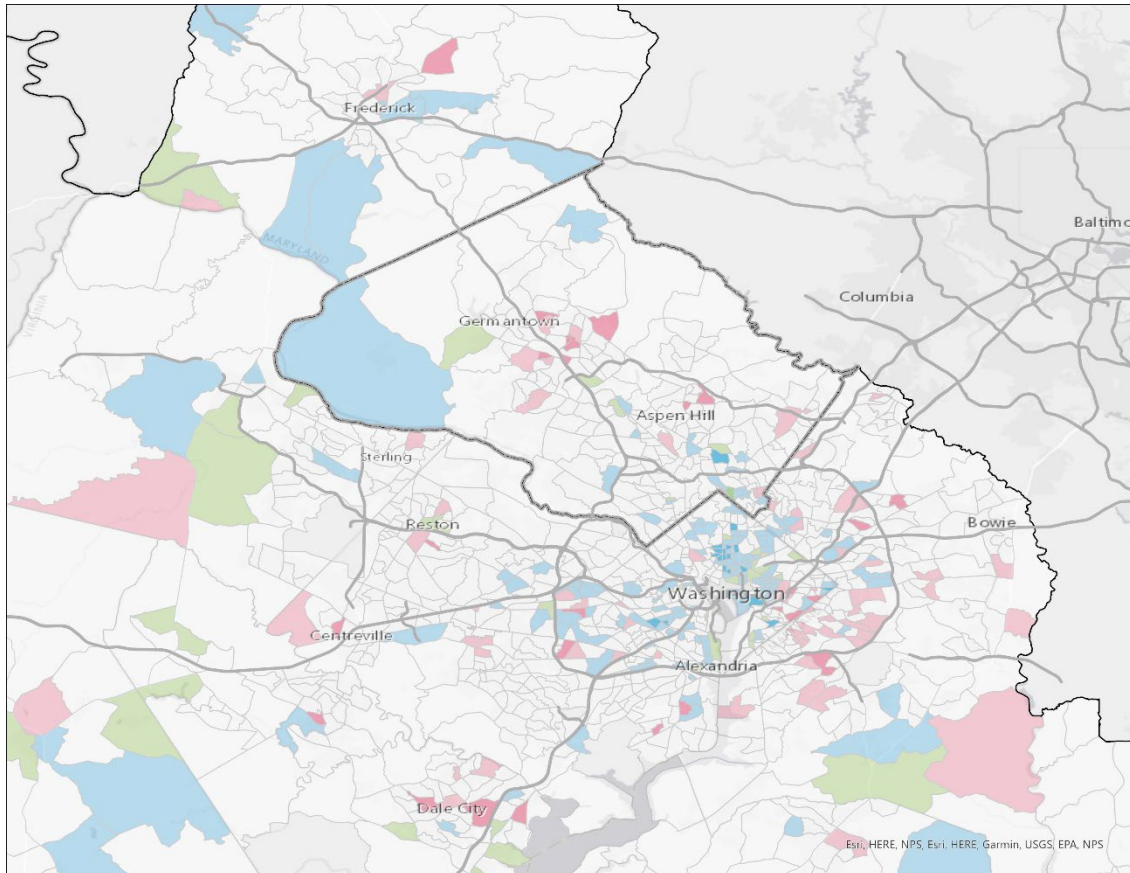# BRIEFING ON NEIGHBORHOOD CHANGE IN THE METROPOLITAN WASHINGTON AREA

Description

Staff from the Research and Strategic Projects Division will provide a briefing on neighborhood change in the Washington Metropolitan Area.

Planning Board Information
MCPB
Item No. 9
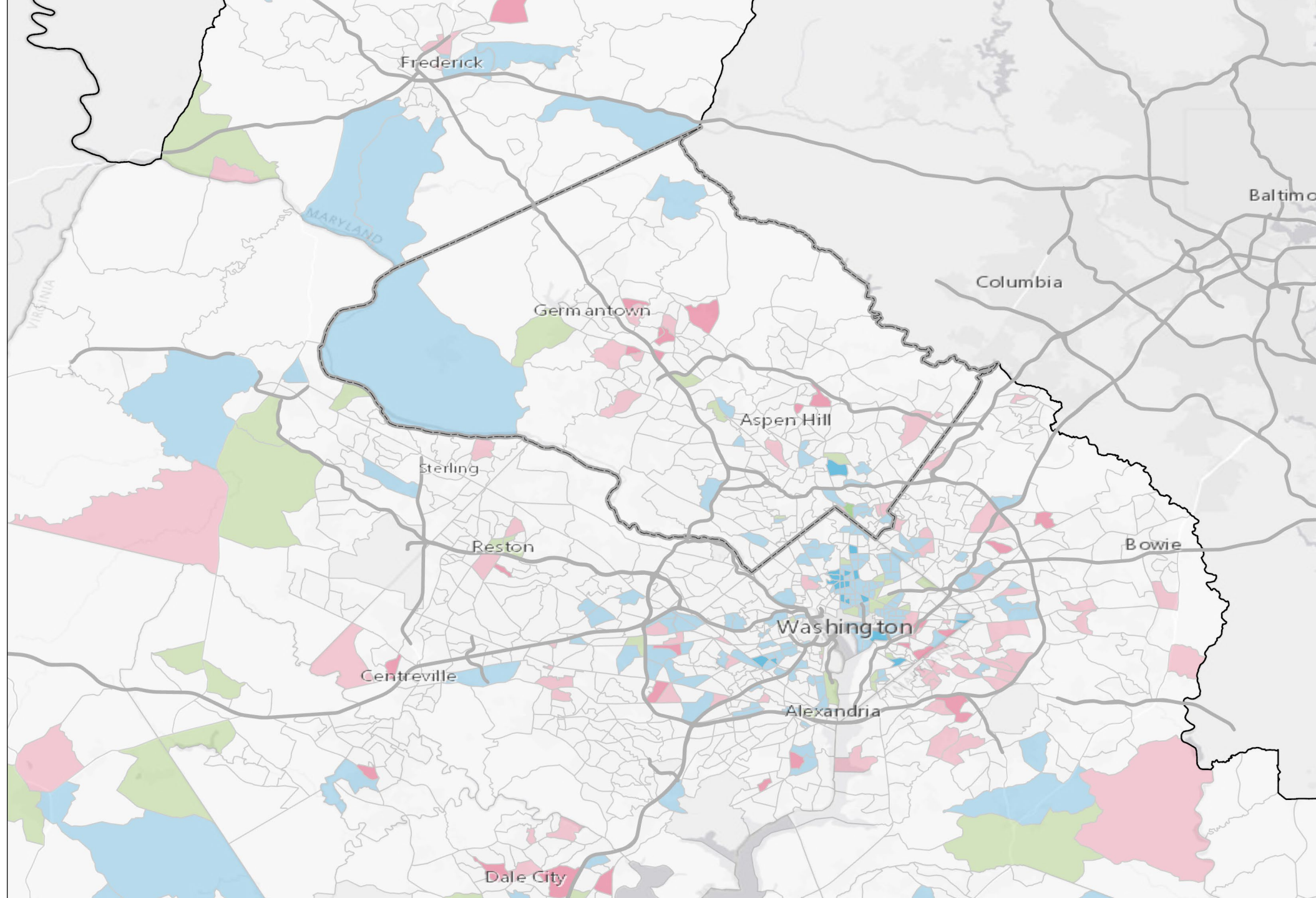12-8-2022

Montgomeryplanning.org

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SUMMARY

- This research project is based on a methodology developed by the Institute on Metropolitan Opportunity at the University of Minnesota for its 2019 report, American Neighborhood Change in the 21st Century: Gentrification and Decline. Planning staff updated the data, added additional variables for analysis, and focused on the Washington, DC region and Montgomery County.

- The main findings are that a) the concentration of low-income residents in Montgomery County's neighborhoods is the County's most pressing challenge related to neighborhood change, b) people of color are more affected by low-income concentration than by displacement in Montgomery County, and c) new housing construction is strongly associated with inclusive economic growth in neighborhoods.

- This project is part of a suite of tools Research and Strategic Projects Division staff are developing to better understand equity issues and neighborhood conditions in the county.

- The purpose of this briefing is to share the research and findings from with the Planning Board.

- For more information, see the Neighborhood Change project website, interactive map, and Third Place Blog, also attached to this report.

Neighborhood Change in Montgomery County and the Washington, DC Region

Growth, concentration, and displacement from 2000-2019

Building infill housing enables socio-economic diversity and prevents poverty concentration and displacement.

Main takeaways:

- **Poverty concentration** affects more people than displacement in Montgomery County.

- Poverty concentration and displacement are driven by a **lack of socio-economic diversity** within neighborhoods.

- Neighborhoods can get wealthier **AND** more socio-economically diverse…but **not without growth**.

- Building **more housing** is key to:

  - preventing displacement AND poverty concentration.

  - fostering socio-economically inclusive communities.

Project Origins

- This study is based on the methodology developed by the University of Minnesota's study, with a few adjustments.

- Montgomery Planning updated this study in the following ways:

  - Used more recent data (comparing 2000 Census to 2015-2019 ACS*) and limited the study to the Washington, DC metropolitan statistical area,

  - Added **housing and race/ethnicity** variables to examine the relationship between these factors and neighborhood change, and

  - Used a different method to account for 2010 boundary changes to Census tracts.

- Both studies track cross-sectional changes in tracts over time. They do not track movement of individuals.

*American Community Survey

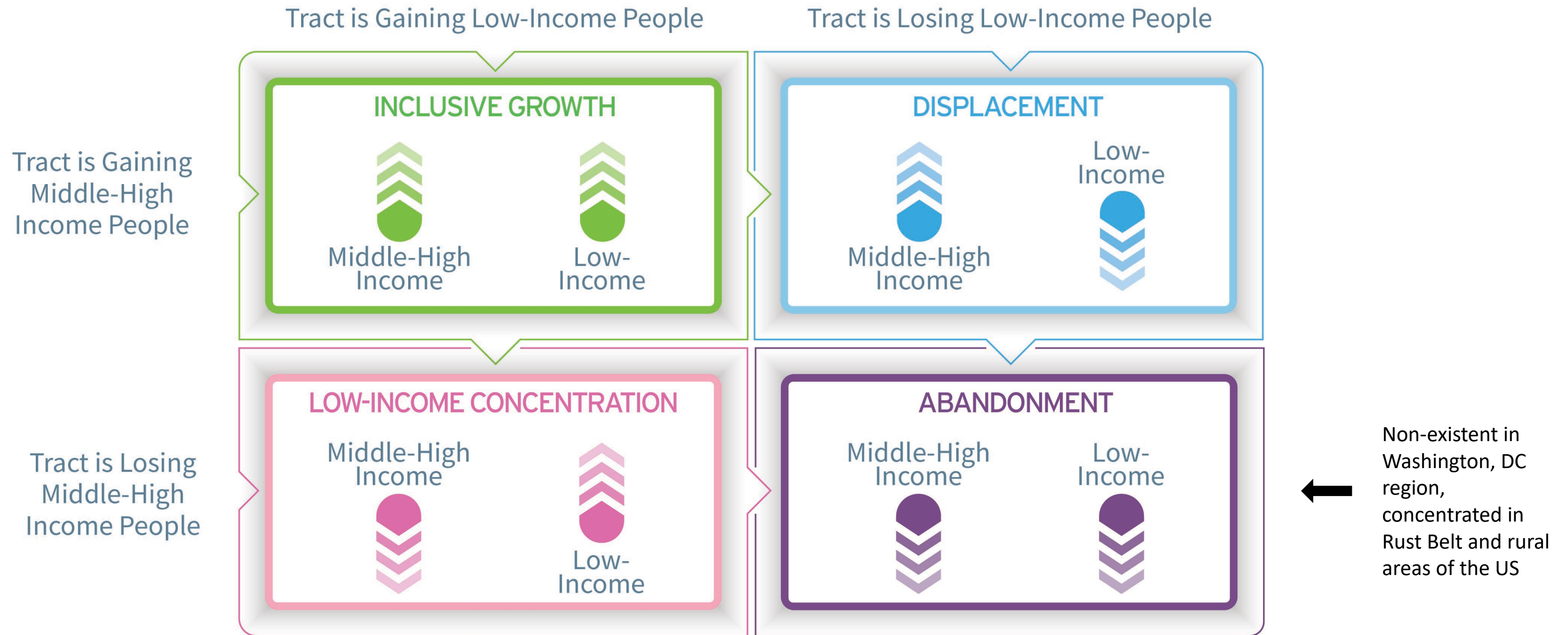**Main Findings of UMN American Neighborhood Change Report**

- In the United States, increasing low-income concentration is by far the most common form of neighborhood change.

- Low-income residents are much more likely to be exposed to neighborhood decline than to displacement.

- Low-income concentration is the dominant neighborhood change trend across most metro areas.

- Displacement is the predominant trend in limited set of coastal cities, including San Francisco, Los Angeles, New York, and Washington D.C. However, it is generally confined to the central city and not its surrounding suburbs.

Study has informed discussions about housing in the region

- Initially presented to the Planning Board in May 2022

- Presented at numerous meetings and conferences including

  - Montgomery County Affordable Housing Summit (May 2022)

  - Diverse Neighborhoods Webinar sponsored by Montgomery for All (July 27)

  - Makeover Montgomery (September 2022)

  - American Planning Association National Capital Area Chapter Conference (September 2020)

  - Maryland Association of Counties Fall Symposium on Affordable Housing (October 2022)

- Covered in the *Washington Business Journal*, in the August 12 article "Displacement Theory: New development means gentrification, right? Not necessarily, says a recent study"

- Cited in Thrive 2050's Racial Equity and Social Justice Chapter
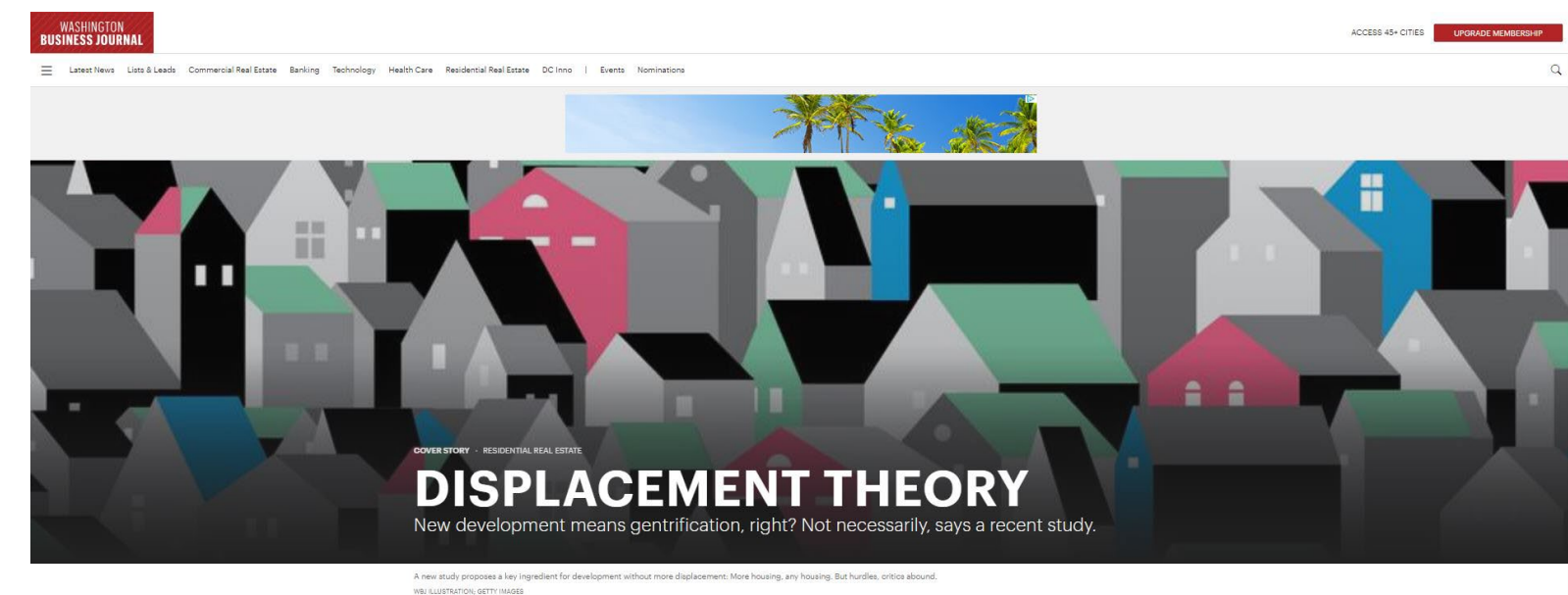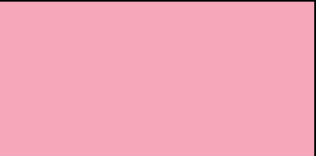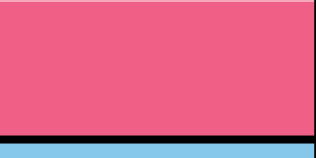
The analysis characterizes neighborhoods, defined by Census tracts, based on population income shifts from 2000-2019.

Tract is Gaining Low-Income People

Tract is Losing Low-Income People

Tract is Gaining Middle-High Income People

INCLUSIVE GROWTH
Middle-High Income
Low-Income

DISPLACEMENT
Low-Income
Middle-High Income

Tract is Losing Middle-High Income People

LOW-INCOME CONCENTRATION
Middle-High Income
Low-Income

ABANDONMENT
Middle-High Income
Low-Income

Non-existent in Washington, DC region, concentrated in Rust Belt and rural areas of the US

Graphic adapted from Page 9 of American Neighborhood Change, Full Report 4-1-2019:
https://www.law.umn.edu/sites/law.umn.edu/files/metro-files/american_neighborhood_change_in_the_21st_century_-_full_report_-_4-1-2019.pdf

Neighborhood Change in Montgomery County

Neighborhood Change Criteria

Economic trajectory	Percentage Change in Number of Middle-High Income* People	Change in Tract Share of Low-Income** People	Neighborhood Change Category	Absolute Change in Number of Low-Income People	Map color
ECONOMIC DECLINE (decline of middle-high income population)	-10% or more	+5% or more	**Abandonment**	-1 to -699 (moderate***)	
				< -700 (strong***)	
			Low-income concentration	1 to 699 (moderate)	
				> 700 (strong)	
ECONOMIC EXPANSION (growth of middle-high income population)	+10% or more	-5% or more	**Displacement**	-1 to -699 (moderate)	
				< -700 (strong)	
			Inclusive Growth	1 to 699 (moderate)	
				> 700 (strong)	

*Middle-High Income = at or above 200% of the federal poverty level
** Low-Income = below 200% of the federal poverty level
In 2019, 200% of the poverty level for a family of four was $51,500; equivalent to about 40% of AMI for family of four in 2021

*** The terms "strong" and "moderate" for these categories were not used in the Univ. of Minnesota's American Neighborhood Change Study. They should not be confused with Minnesota's "strong" and "weak" models (see p. 5 of the full UMN report).
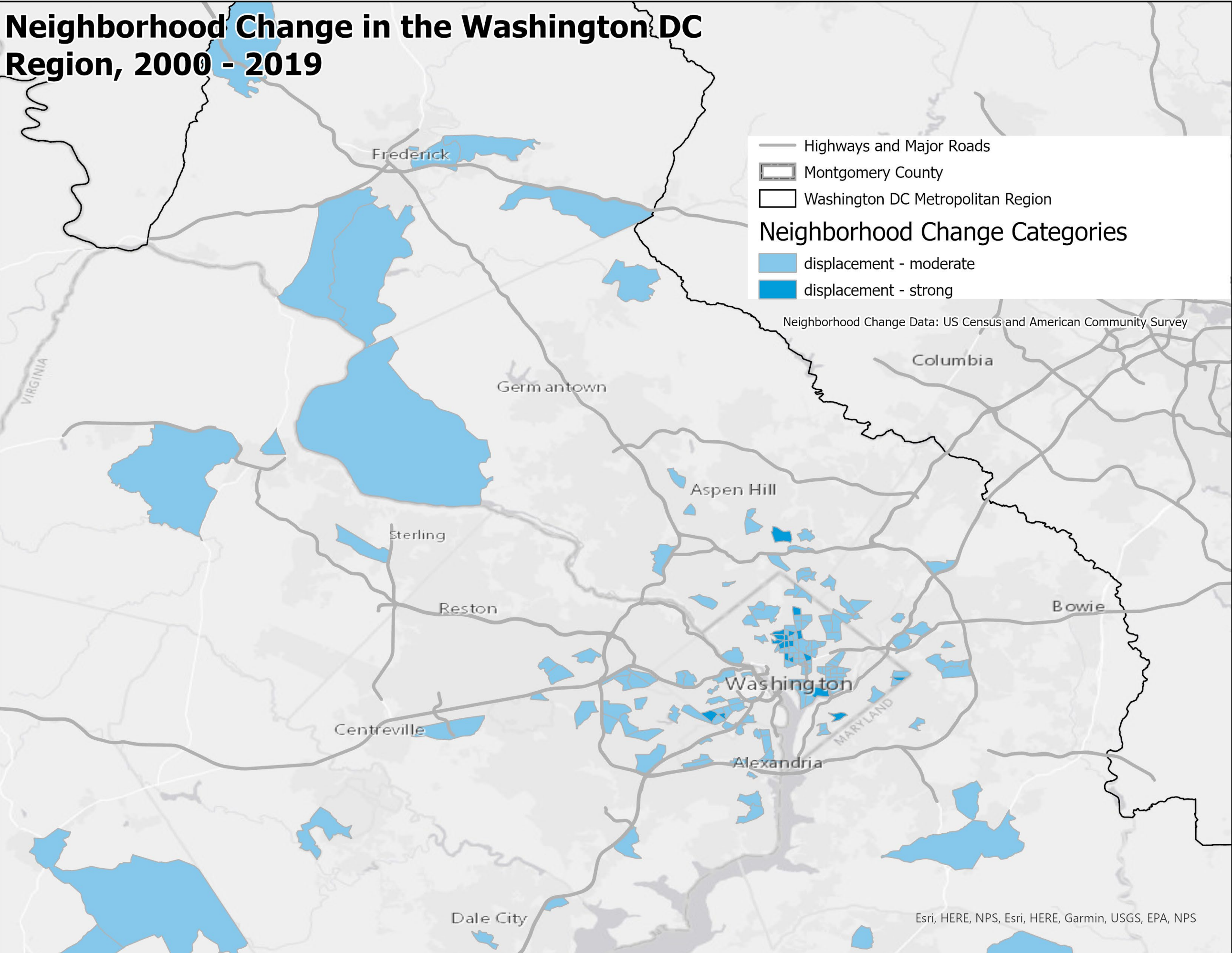
Neighborhood Change – **Displacement**

- Gaining middle-high Income People
- Losing low-income people

Neighborhood Change in the Washington DC Region, 2000 - 2019

Highways and Major Roads
Montgomery County
Washington DC Metropolitan Region

Neighborhood Change Categories
- displacement - moderate
- displacement - strong

Neighborhood Change Data: US Census and American Community Survey

Esri, HERE, NPS, Esri, HERE, Garmin, USGS, EPA, NPS

Neighborhood Change –**Low-Income Concentration**

- Losing middle-high income people
- Gaining low-income people

Neighborhood Change in the Washington DC Region, 2000 - 2019

Highways and Major Roads
Montgomery County
Washington DC Metropolitan Region

Neighborhood Change Categories
low-income concentration - moderate
low-income concentration - strong

Neighborhood Change Data: US Census and American Community Survey

MNCPPC, VITA, Esri, HERE, Garmin, USGS, EPA, NPS, Esri, HERE, NPS
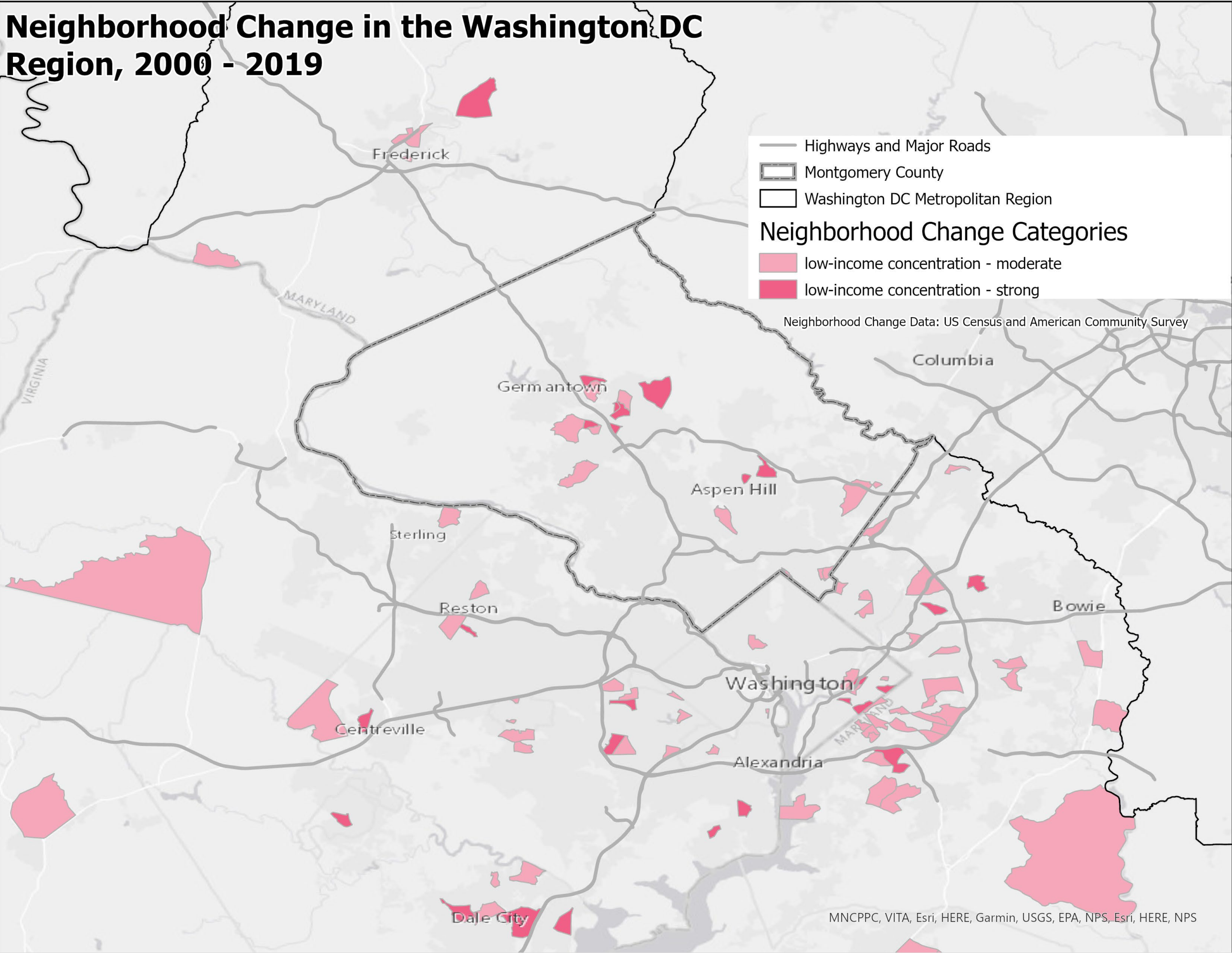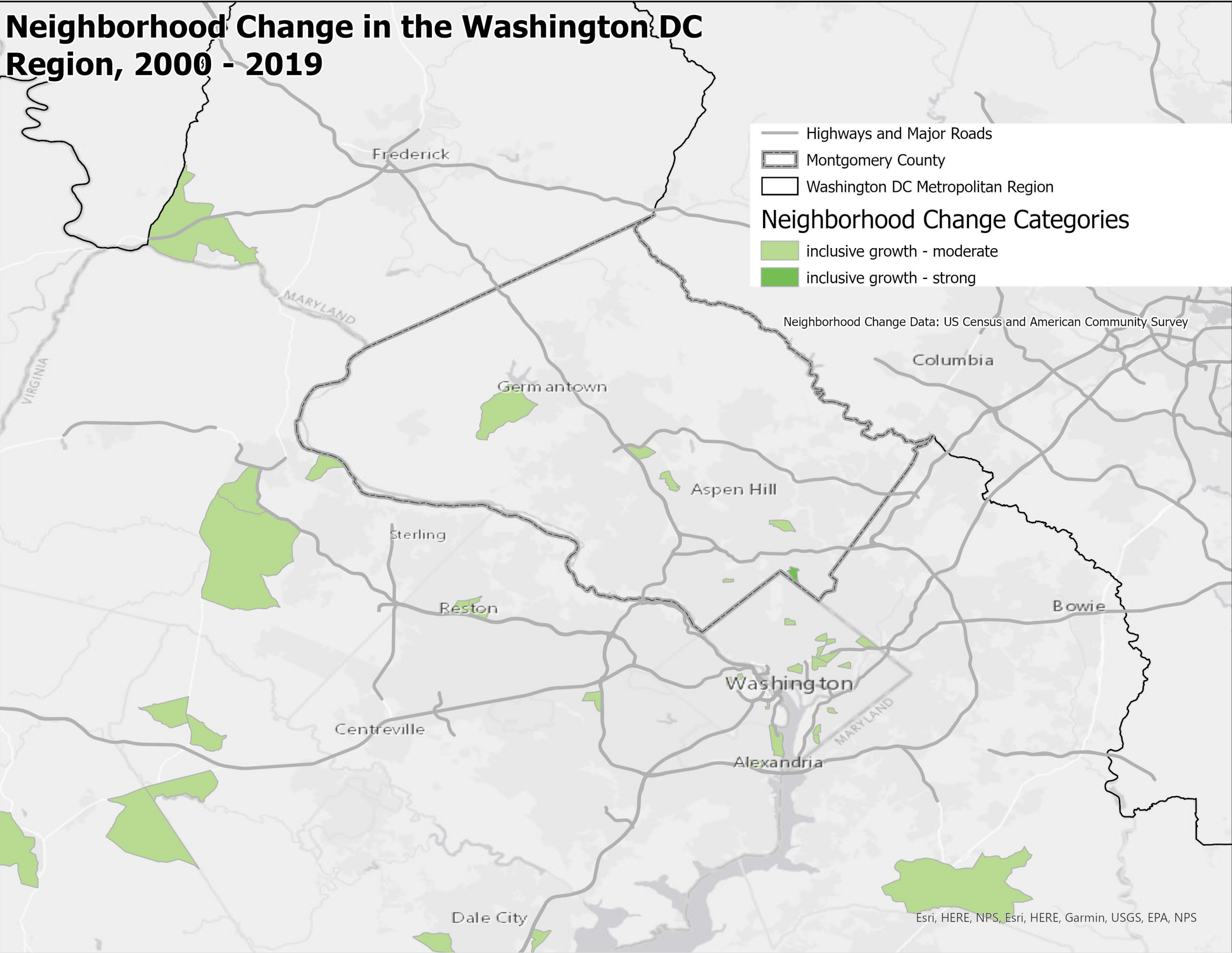
Neighborhood Change – **Inclusive Growth**

- Gaining middle-high income people
- Gaining low-income people

Neighborhood Change in the Washington DC Region, 2000 - 2019

Legend:
- Highways and Major Roads
- Montgomery County
- Washington DC Metropolitan Region

Neighborhood Change Categories
- inclusive growth - moderate
- inclusive growth - strong

Neighborhood Change Data: US Census and American Community Survey

Esri, HERE, NPS, Esri, HERE, Garmin, USGS, EPA, NPS

Neighborhood Change in the Washington DC Region, 2000 - 2019

Legend:
- Highways and Major Roads
- Montgomery County
- Washington DC Metropolitan Region

Neighborhood Change Categories
- low-income concentration - moderate
- low-income concentration - strong
- displacement - moderate
- displacement - strong
- inclusive growth - moderate
- inclusive growth - strong
- does not meet criteria

Neighborhood Change Data: US Census and American Community Survey

MNCPPC, VITA, Esri, HERE, Garmin, USGS, EPA, NPS, Esri, HERE, NPS

Neighborhood Change in Montgomery County

Montgomery and Prince George's Counties have more tracts with low-income concentration while DC and other nearby Virginia jurisdictions have more tract where displacement is occurring.

■ low-income concentration   ■ displacement   ■ inclusive growth

| Tracts by Category	Prince George's County			Montgomery County			Fairfax County*			Washington DC			Arlington County			Alexandria City		
	33	14	1	19	16	6	18	22	3	8	81	12	1	16	3	1	10	2
Total Tracts	217			215			261			178			57			38		
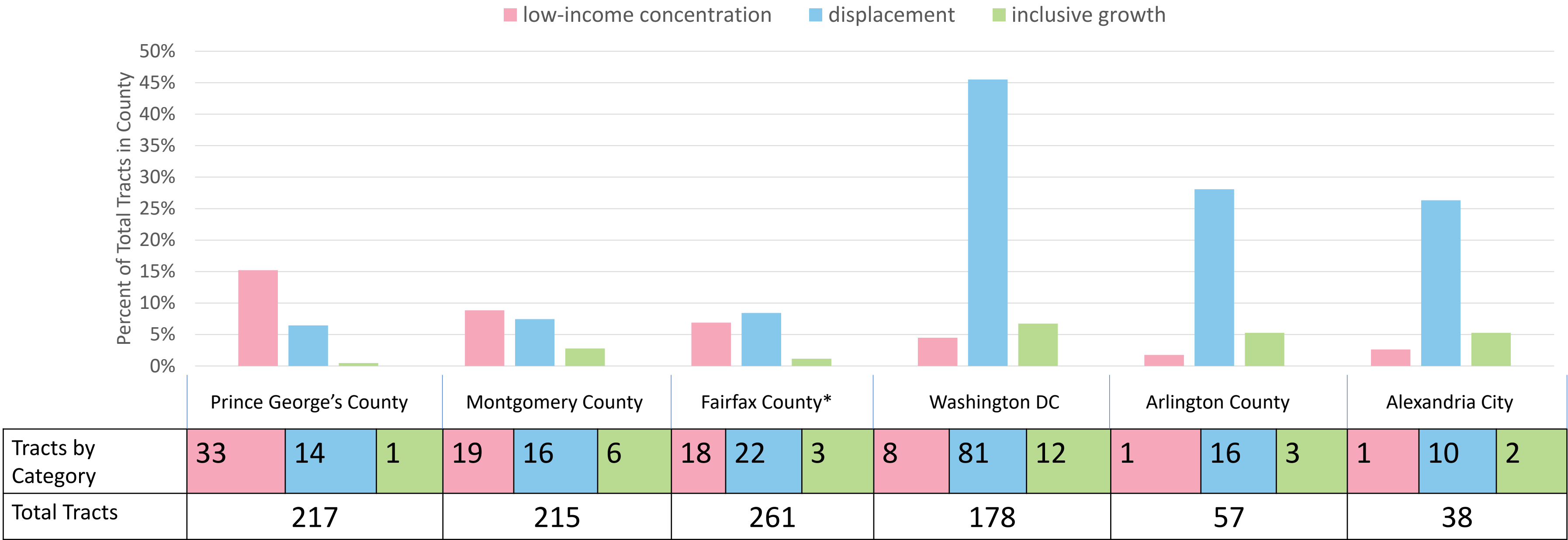
- Tracts with low-income concentrations are more common in the Maryland Counties than tracts with displacement. In Washington, DC and adjacent Virginia jurisdictions, displacement is more common.

- Prince George's County has the most tracts with low-income concentration out of Washington DC and its adjacent jurisdictions; Montgomery County has the second most.

* Includes Fairfax City and Falls Church City

Montgomery and Prince George's Counties have more people living in tracts experiencing low-income concentration than displacement, while the rest of the region has more people living in tracts experiencing displacement.
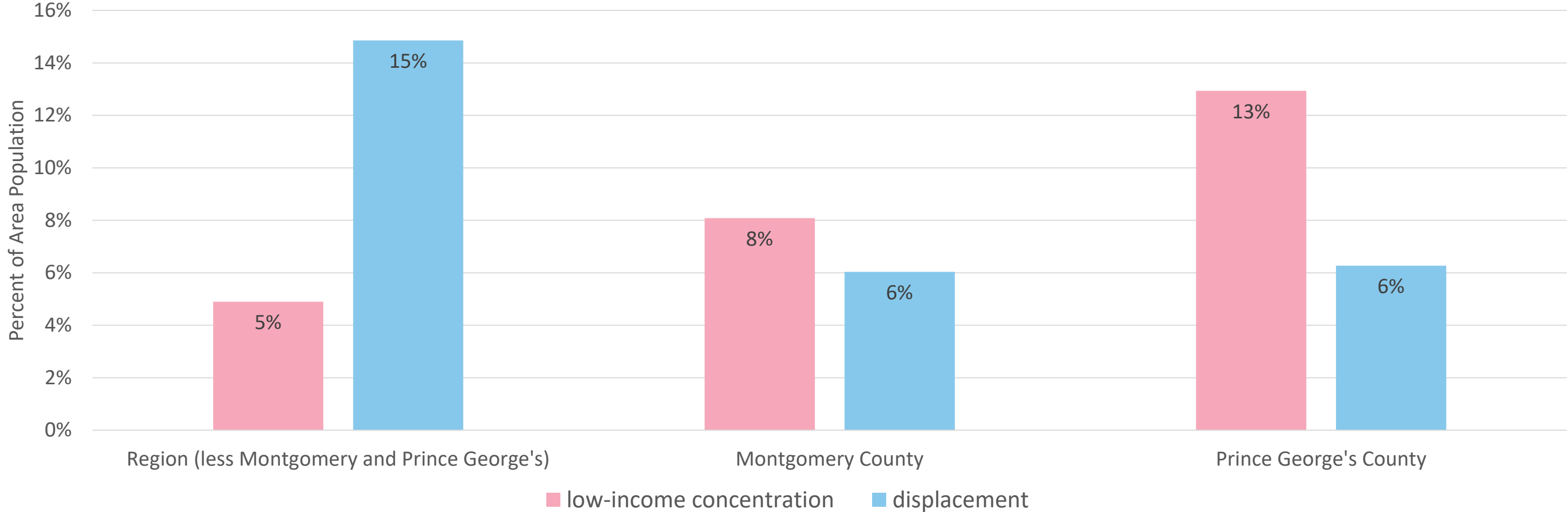

- Outside of Montgomery and Prince George's County, three times as many people live in tracts that saw displacement than low-income concentration in the region.

- In the two largest Maryland Counties, the relationship is reversed. More people live in tracts that saw low-income concentration than displacement.

People of color in Montgomery County are more affected by poverty concentration than by displacement.

- More Black, Latino, and Asian residents live in tracts that experienced poverty concentration than in tracts that experienced displacement in Montgomery County.

- It's the other way around in the rest of the region.

- Tracts experiencing displacement are losing Black and Latino residents much more rapidly in the rest of the region than they are in Montgomery County.

Percent of racial or ethnic group in area living in tracts of each category

Montgomery County

DC Region without Montgomery County
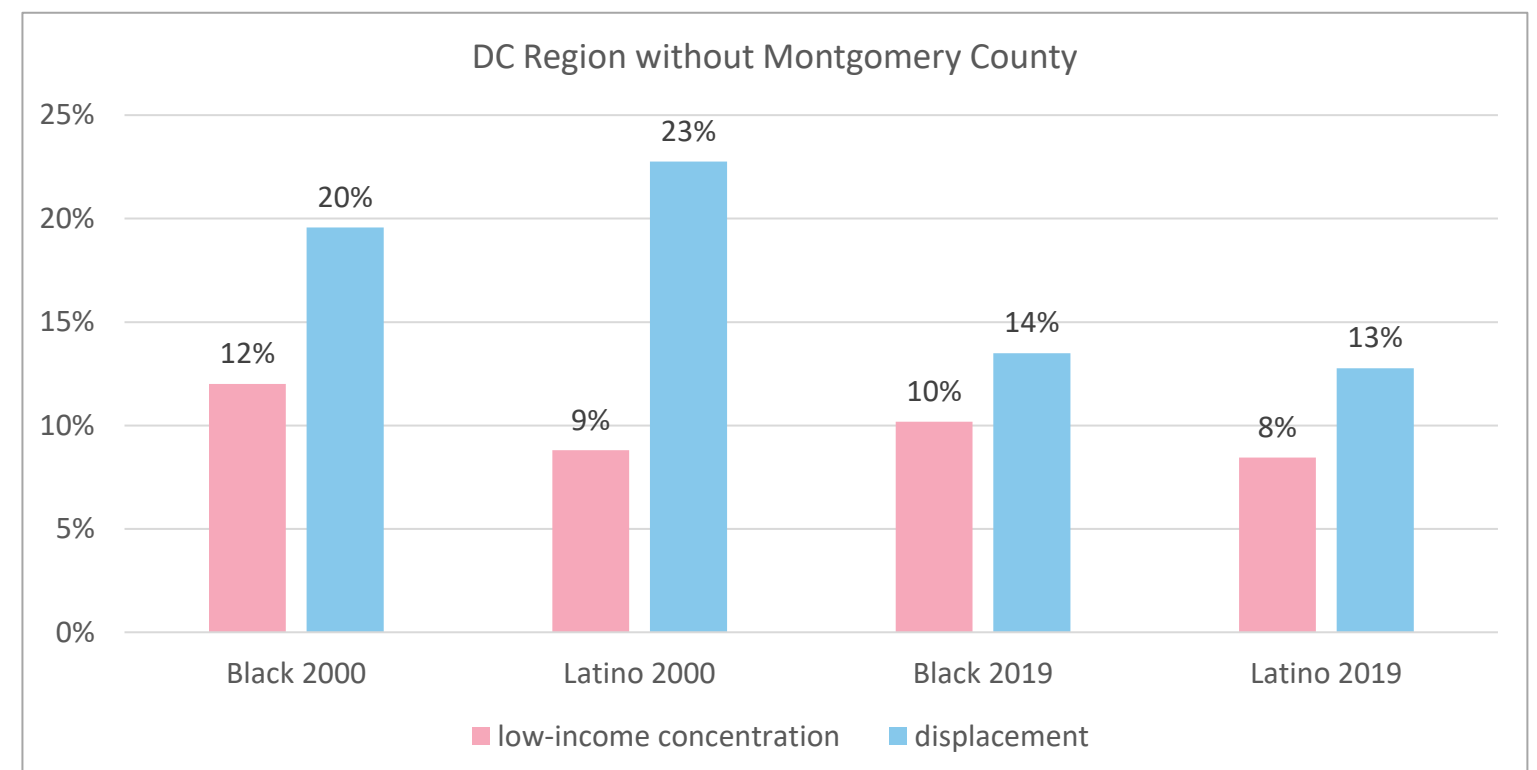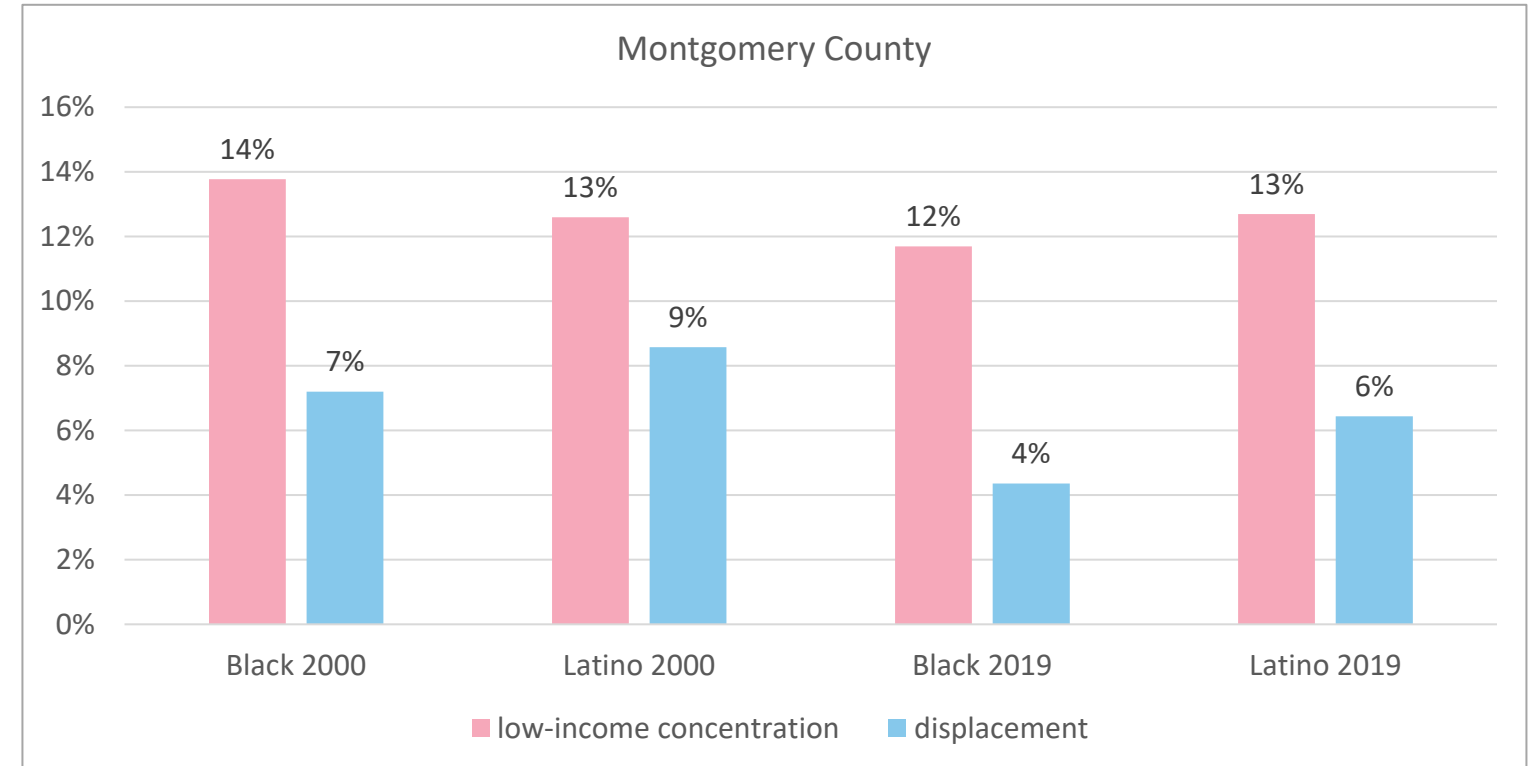
"Displacement" tracts in Montgomery County have seen larger net growth in Latino population than white population and a smaller net decline in Black population than those tracts in the rest of the region.

Washington, DC Region (not including Montgomery County)

Montgomery County

Legend: White, Black, Latino
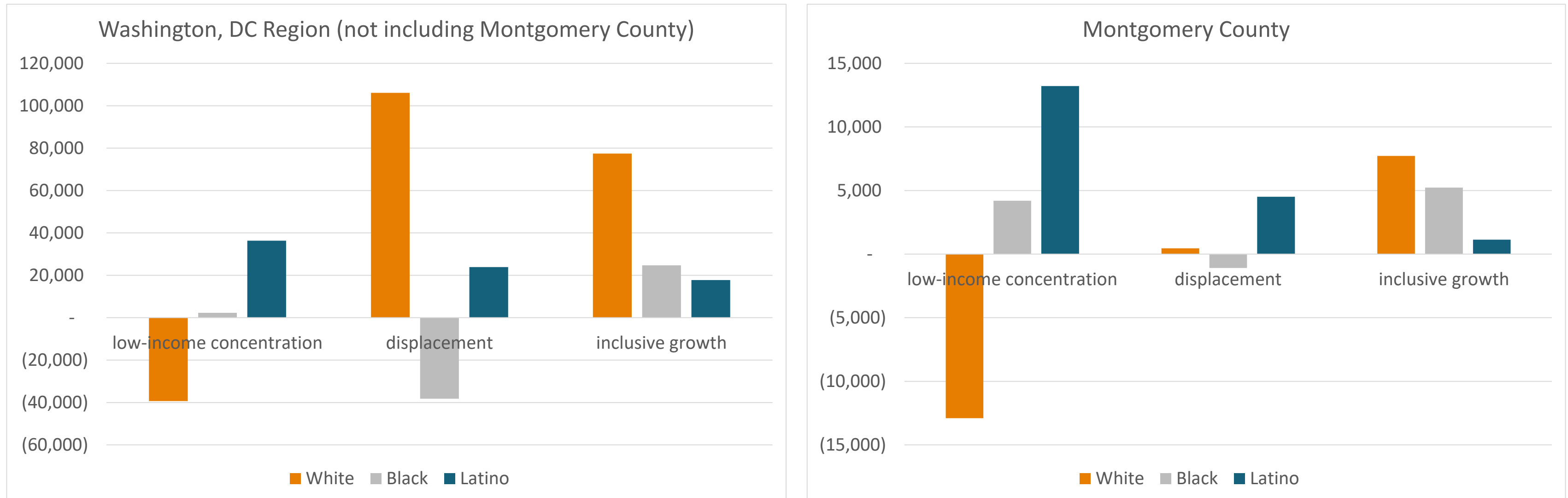
- **In Montgomery County, Black people have borne the brunt of displacement, but this displacement has been less severe in Montgomery County than in the Washington DC Region.**
- **The Black and Latino communities saw larger proportional net flows *into* tracts experiencing low-income concentration than *away* from tracts experiencing displacement.** The proportional net flows into low-income tracts were larger in Montgomery County for Blacks and Latinos than they were in the region.
- These data points reinforce that **poverty concentration along racial and ethnic lines is the main challenge facing Montgomery County's changing neighborhoods.**

Neighborhood Change in Montgomery County

"Inclusive Growth" tracts added the most housing, by far, of all other types of tracts.

DC Region (Including Montgomery County)

Category	Net New Housing Units*	Number of Tracts	Net New Housing Units Per Tract
Inclusive growth	65,096	52	1,252
does not meet criteria	335,104	998	336
displacement	50,502	190	266
low-income concentration	725	103	7

Montgomery County

Category	Net New Housing Units*	Number of Tracts	Net New Housing Units Per Tract
inclusive growth	10,658	6	1,776
does not meet criteria	41,799	174	240
displacement	1,603	16	100
low-income concentration	494	19	26

*Housing units data come from the 2000 Census count of housing units and the 2016-2019 American Community Survey estimate of housing units.

- In both the Region and Montgomery County, **tracts that experienced inclusive growth added the most housing by far**.

- In Montgomery County, the tracts that are growing inclusively added **1,676 more housing units per tract** than those tracts experiencing displacement, and **1,750 more housing units per tract** than those tracts categorized as low-income concentration. Put another way, inclusively growing tracts, though few, added **18 times** as many housing units per tract as tracts experiencing displacement and **68 times** more housing units per tract as tracts experiencing low-income concentration from 2000 to 2019.

- However, there are relatively few tracts that are growing inclusively (**6 in Montgomery County**).

A Closer Look at
Montgomery County:
Four selected tracts

Note: The Lake Forest Mall Tract is named for its major
landmark, which is the mall. The portion of the tract
that includes the mall is within the City of
Gaithersburg's boundaries, but the residential portion
of the tract, represented in the neighborhood change
data, is outside of the City of Gaithersburg.

Montgomery County Neighborhood Change, 2000 to 2019

Poolesvile Tract

Lake Forest
Mall Tract

Fairland
Briggs Chaney
Tract

Downtown Silver Spring Tract

Neighborhood Change Data: US Census and American Community Survey

☐ Montgomery County
☐ Washington DC Metropolitan Region

Neighborhood Change Categories

low-income concentration - moderate
low-income concentration - strong
displacement - moderate
displacement - strong
inclusive growth - moderate
inclusive growth - strong
does not meet criteria

City of Gaithersburg, Maryland, MNCPPC, VITA, Esri, HERE, Garmin, USGS, EPA, NPS, Esri, HERE, NPS
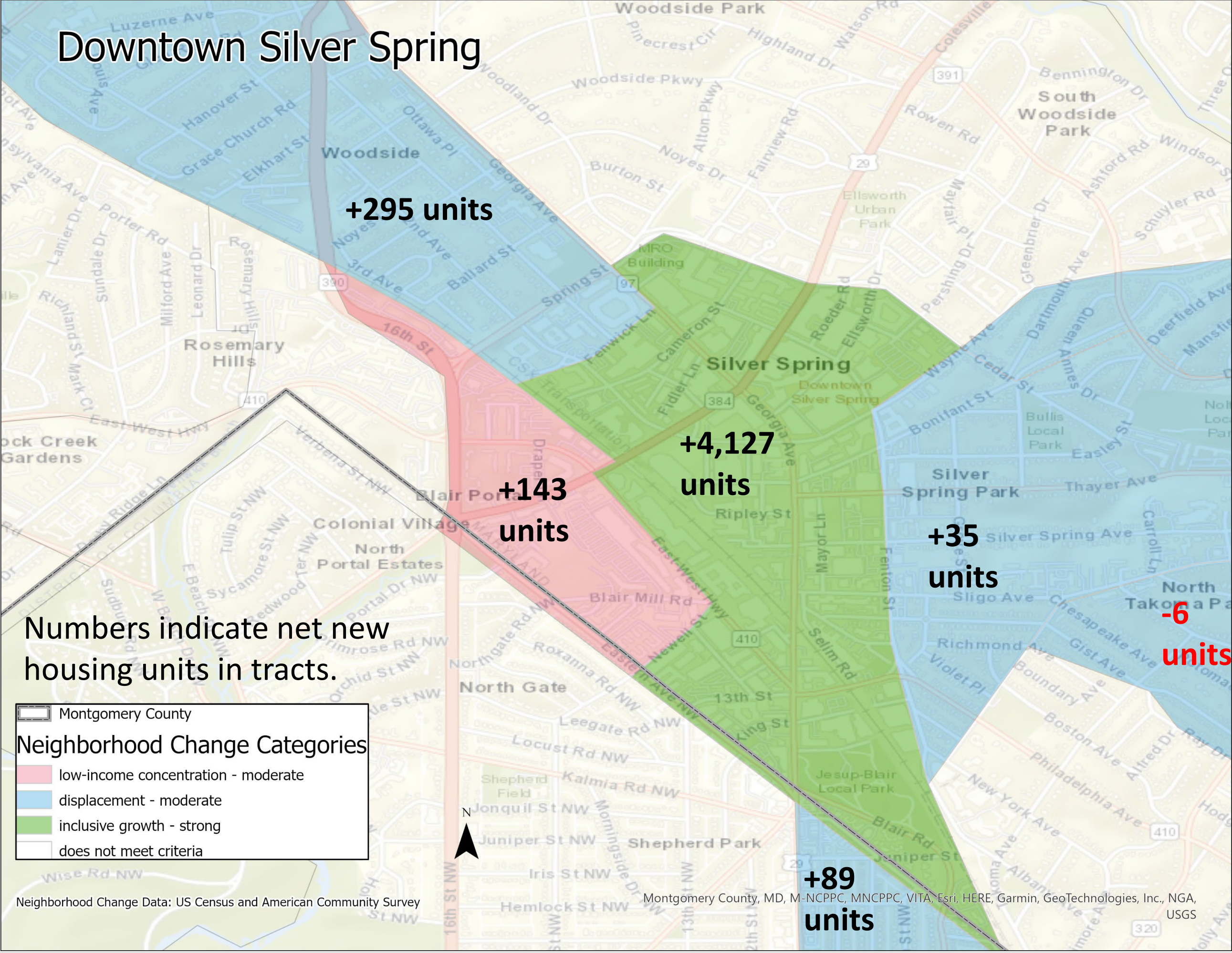
Overview of Selected Tracts

Census Tract	Percent Change in Middle-High Income Population	Change in Tract Share of Low-Income People	Change in Number of Low-Income People	Change in Number of Housing Units	Category
Fairland-Briggs Chaney tract	-9.7%	+9.2%	+683	61	Low-Income Concentration (moderate)
Lake Forest Mall tract	-22.5%	+26.8%	+1,871	36	Low-Income Concentration (strong)
Poolesville tract	+11.2%	-5.5%	-341	111	Displacement (moderate)
Downtown Silver Spring tract	+240%	-7.4%	+937	4,127	Inclusive Growth (strong)

# Neighborhood Change and Housing Growth in Downtown Silver Spring

The Downtown Silver Spring tract is the only tract in the entire region classified as "inclusive growth – strong."

This tract added 4,127 housing units between 2000 and 2019, while neighboring tracts in the displacement and low-income concentration categories added a total of only 556 housing units.

Downtown Silver Spring

+295 units

+4,127 units

+143 units

+35 units

-6 units

+89 units

Numbers indicate net new housing units in tracts.

Montgomery County

Neighborhood Change Categories

- low-income concentration - moderate
- displacement - moderate
- inclusive growth - strong
- does not meet criteria

Neighborhood Change Data: US Census and American Community Survey

Montgomery County, MD, M-NCPPC, MNCPPC, VITA, Esri, HERE, Garmin, GeoTechnologies, Inc., NGA, USGS

Downtown Silver Spring added over 2,200 Black residents between 2000 and 2019

Population Increases for Racial and Ethnic Groups in Downtown Silver Spring tracts, 2000-2019

Neighborhood Change in Montgomery County
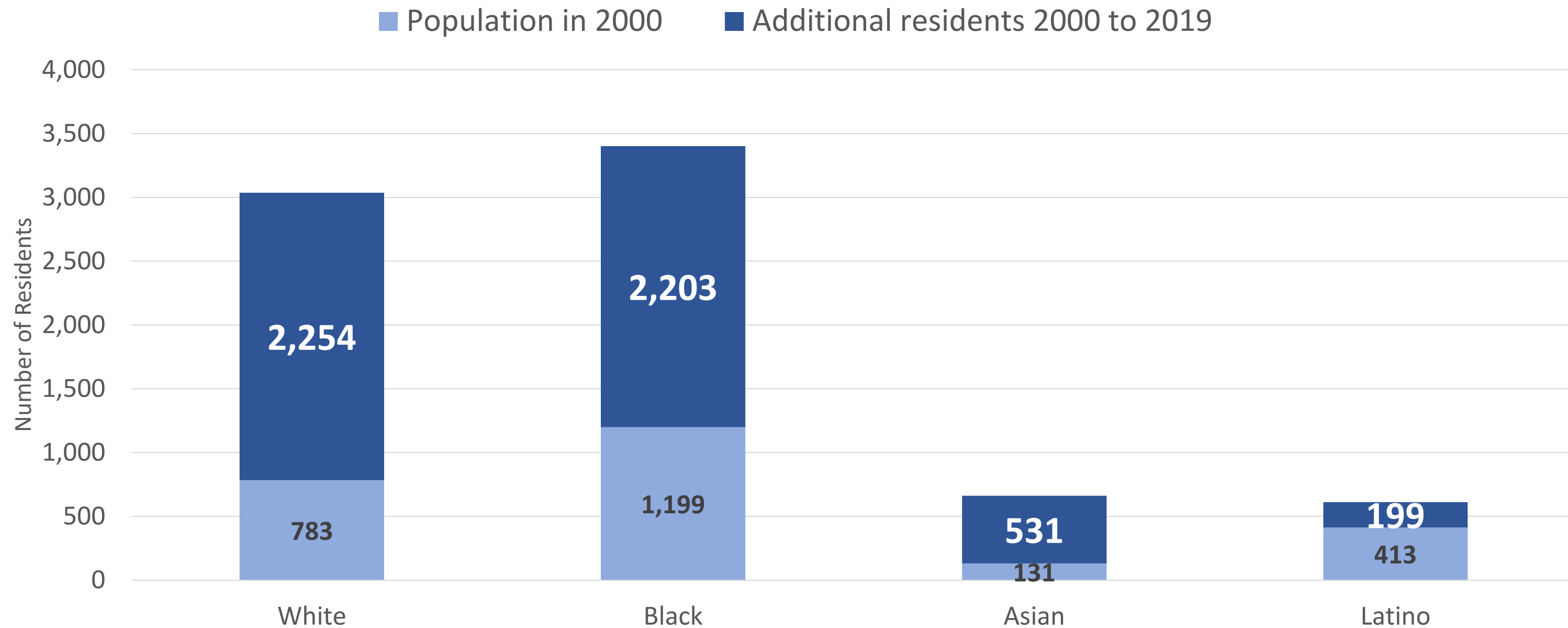
The assertion that new housing causes displacement is not supported by the data.
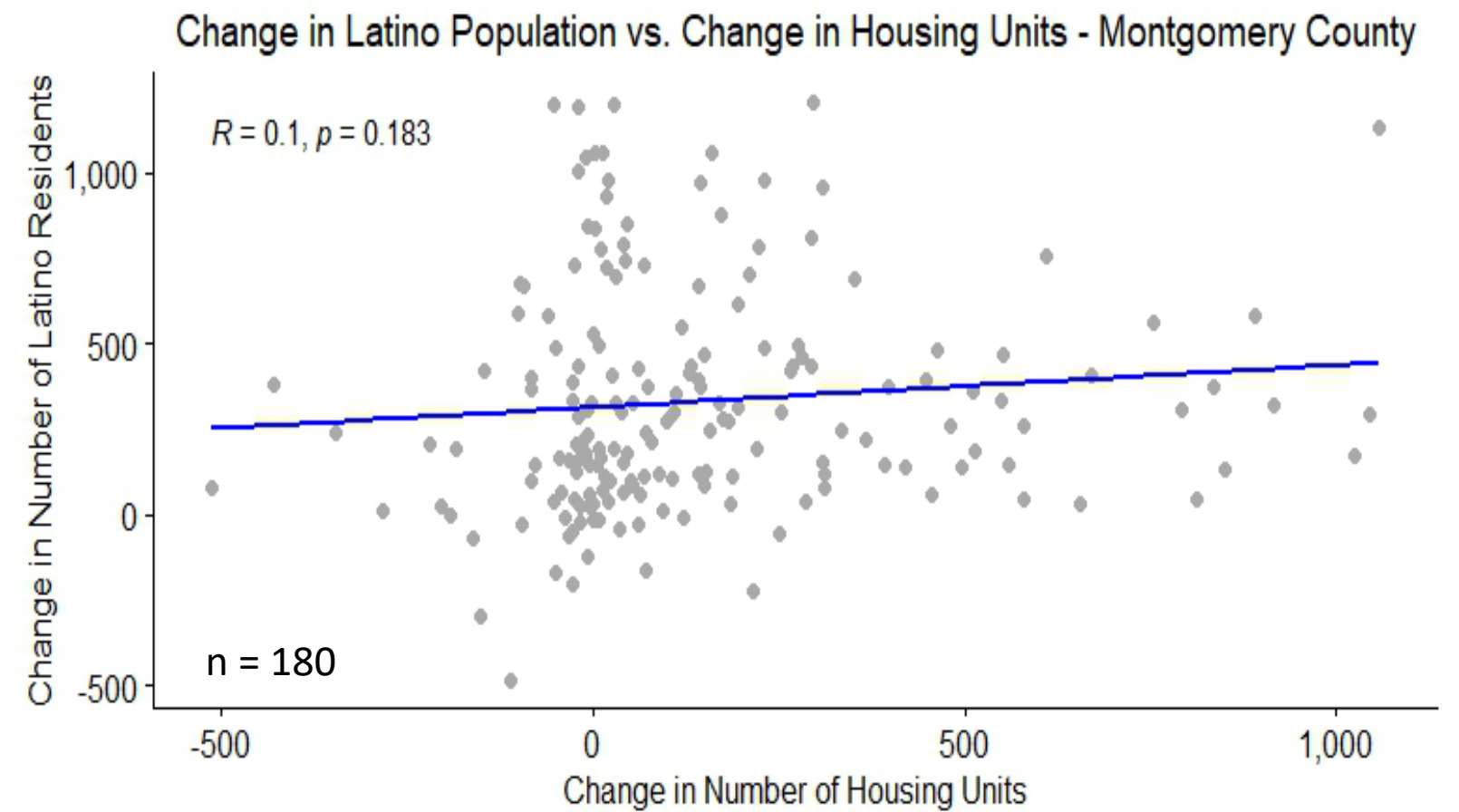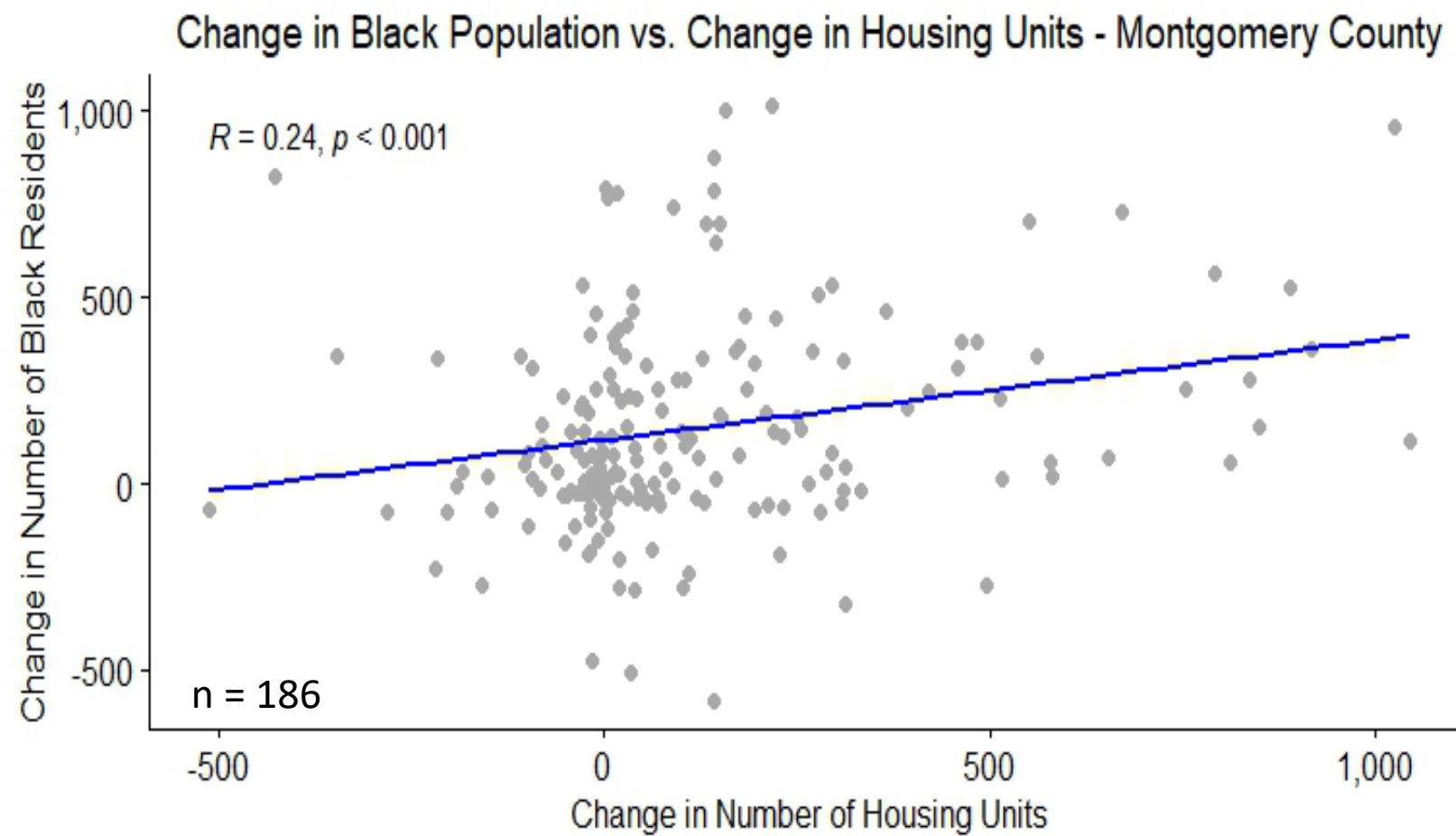
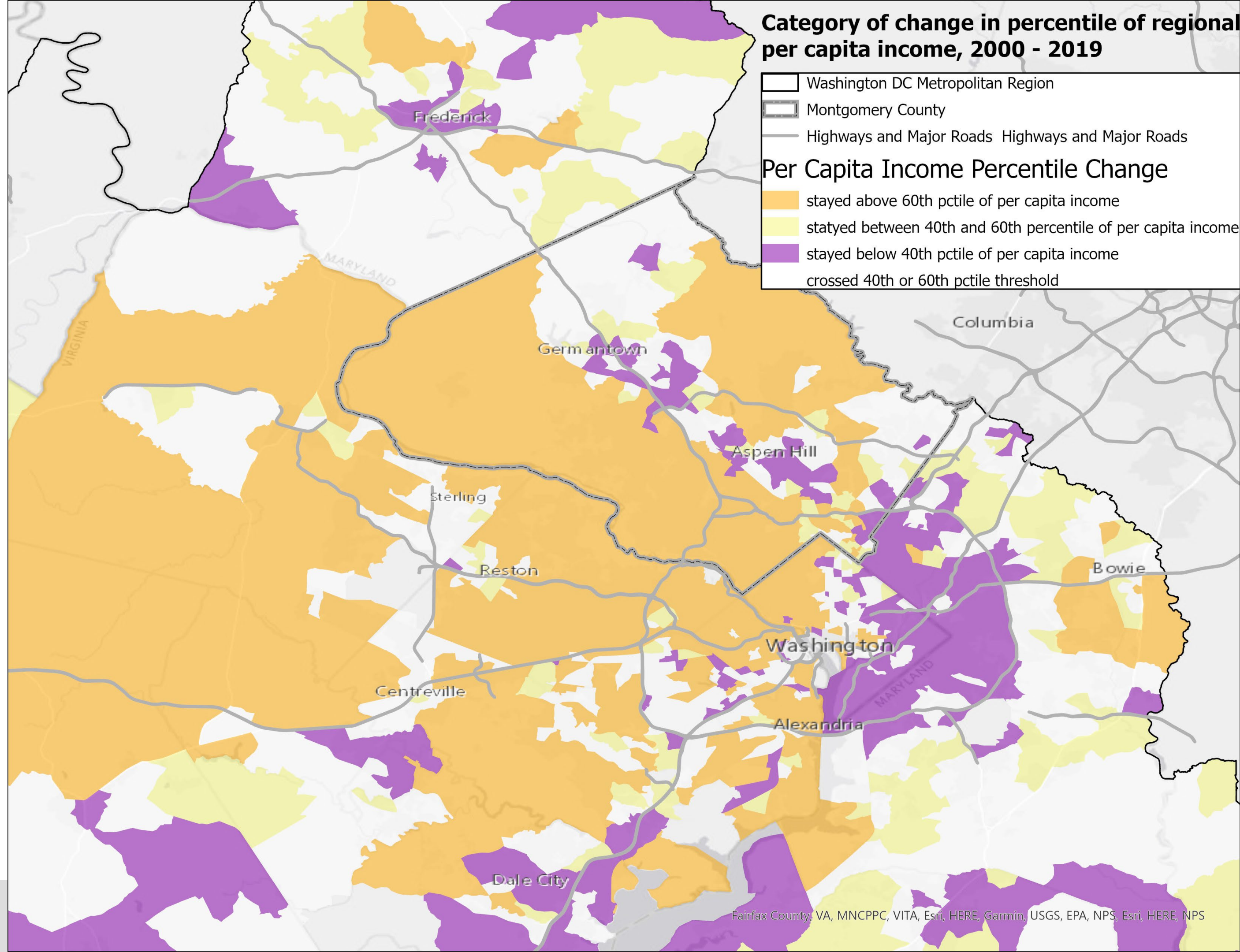Black and Latino populations increase as more housing is added

Most tracts did not see significant change.

81% of tracts in Montgomery County did not change enough to meet the any of the neighborhood change criteria (see slide 13).

98 out of 215 tracts (45%), mostly in the West-County, stayed above the 60th percentile of regional per capita income.

48 out of 215 tracts (22%), mostly in the far East-County and along the I-270/MD-355 corridor, stayed below the 40th percentile of regional per capita income.

Neighborhood exclusivity and pockets of poverty have been largely entrenched.

Category of change in percentile of regional per capita income, 2000 - 2019

- Washington DC Metropolitan Region
- Montgomery County
- Highways and Major Roads Highways and Major Roads

Per Capita Income Percentile Change
- stayed above 60th pctile of per capita income
- statyed between 40th and 60th percentile of per capita income
- stayed below 40th pctile of per capita income
- crossed 40th or 60th pctile threshold

Neighborhood

Montgomery County Neighborhood Change: Key Takeaways

- Building more housing, including affordable housing, **promotes socio-economic diversity**, which in turn helps

  - Prevent displacement

  - Prevent poverty concentration and disinvestment, and

  - Encourage inclusive growth

More information and Project Data

- More information on the project can be found at:
https://montgomeryplanning.org/tools/research/special-studies/neighborhood-change-in-the-washington-metropolitan-area/

- Data and processing script can be found at:
https://github.com/Bkraft70/Neighborhood_Change_DC_Area

- Project Contact:

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  Montgomery County Planning
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Growing inclusively is possible…if we build enough housing

the third place

By Benjamin Kraft and Casey Anderson

Businesses and multifamily housing along Fenton Street in downtown Silver Spring.

The conventional story about development and displacement goes something like this: new luxury housing gets built in a neighborhood, driving up rents for existing residents who then must leave to find less expensive housing elsewhere. To be sure, displacement does happen and it can be a serious problem, but our Neighborhood Change research shows that this conventional story of displacement doesn't correspond to what is happening in Montgomery County. Specifically, the study shows that displacement of lower-income residents is **not** inevitable, and that where it occurs is not driven by new housing development. In fact, displacement is associated with *the failure to build new housing in neighborhoods experiencing an increase in demand.* Our study further suggests that building more housing,

especially with policies like Montgomery County's moderately priced dwelling unit (MPDU) program in place, promotes *inclusive growth*, meaning growth that makes room for people of all incomes.

Townhomes on King Farm Boulevard

Our research found that six of Montgomery County's census tracts have experienced inclusive growth between 2000 and 2019, meaning that they met three criteria:

1. The _number_ of residents with incomes that were at least twice the federal poverty level increased by at least 10%[1]
2. The _share_ of residents with incomes below twice the federal poverty level fell by at least 5%, **AND**
3. The number of residents with incomes below twice the federal poverty level went up.[2]

The first two criteria indicate that a neighborhood is getting wealthier, since the number and proportion of people with higher incomes are growing. The third criterion indicates that low-income people are also moving into the neighborhood. All three of these things can happen **at the same time**. That is, as a neighborhood expands economically and attracts high- and middle-income residents, it can also add lower-income people.

So where are these inclusive neighborhoods?

They happen to be some of the county's most prominent. Downtown Silver Spring, Bethesda, and Rockville all qualify as inclusive growth tracts. So do the King Farm neighborhood in Rockville and the north end of downtown Wheaton.[3]

These neighborhoods have one main thing in common: They all built a lot of new housing between 2000 and 2019. As a Washington Business Journal article highlighting the study notes, "Neighborhoods that experienced a rise in overall affluence, but without pushing out their lower-income segments, have on the whole gained at least an order of magnitude more net new housing units than those experiencing displacement and other unwelcome trends." In fact, the county's six inclusive growth neighborhoods amount to only 3% of the county's 215 census tracts but accounted for 20% of the net new housing built in the county over the study's time period. Neighborhoods that grew inclusively added 18 times more housing per tract than those growing with displacement and 68 times more housing per tract than those seeing worsening concentrations of poverty.

These neighborhoods prove that displacement is neither inevitable nor caused by housing development. In fact, the study provides strong evidence that housing creates the opposite effect.

Downtown Silver Spring is an illuminating example of what inclusive growth looks like. It grew more inclusively than any neighborhood in the Washington DC metro region, adding over 900 low-income residents between 2000 and 2019. In addition to becoming more economically inclusive, downtown Silver Spring also grew in a racially and ethnically inclusive way: it added almost as many Black residents (2,203) as white residents (2,254), and overall added more people of color than white residents.

Fostering this type of diversity wouldn't be possible without adding more housing. As the map below shows, Silver Spring added over 4,000 housing units between 2000 and 2019, while its neighboring tracts—especially those seeing displacement—added far fewer.
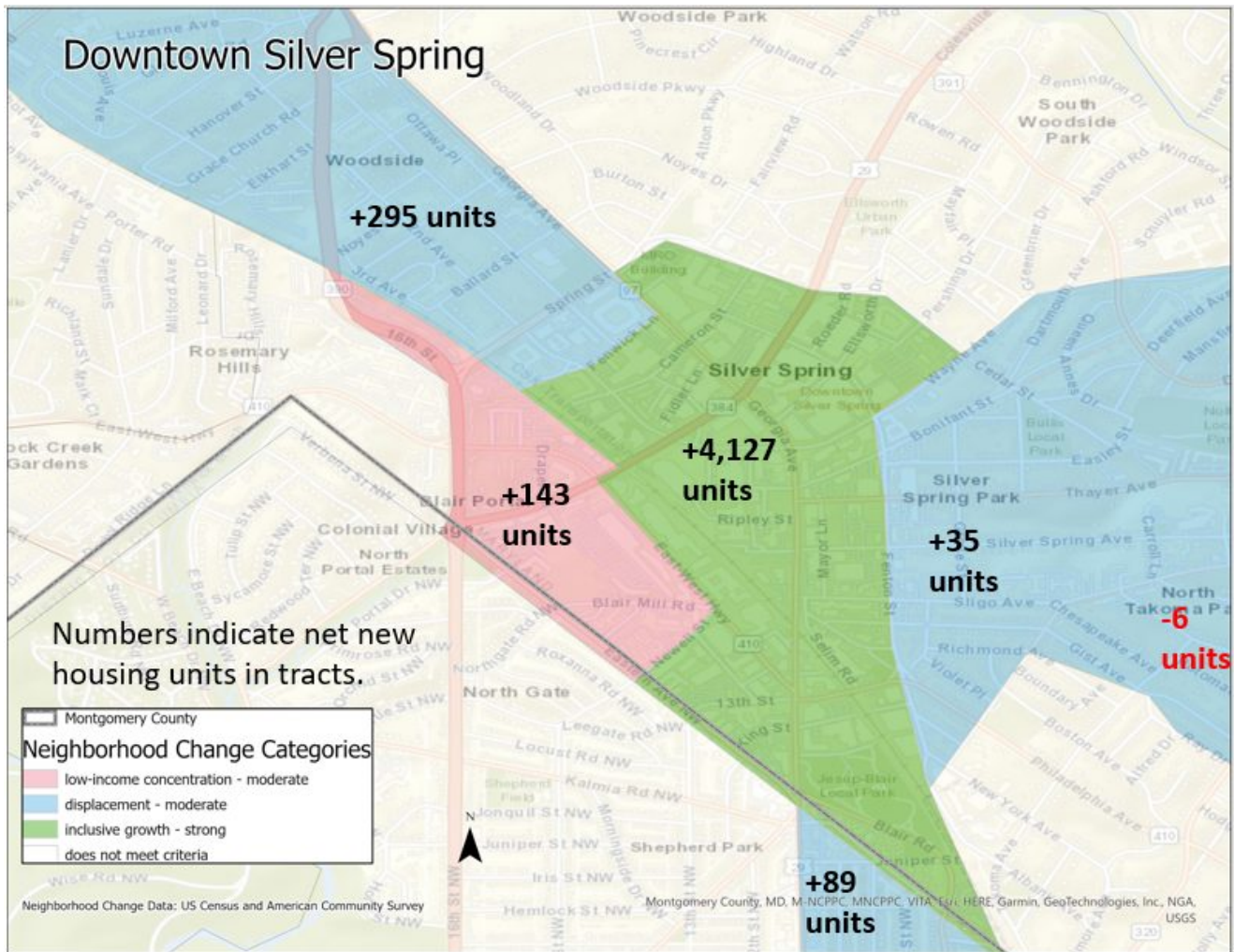
The relationship between housing and opportunities for people of color is not unique to downtown Silver Spring. It applies everywhere in Montgomery County.

The two scatterplots below show that housing growth and the population of Black and Latino residents are positively correlated at the tract level, meaning that in the average tract, adding housing is associated with more—not fewer—Black or Latino residents. For Black residents, the relationship is statistically significant, while for Latino residents it hasn't quite reached that level of certainty. Even so, the chart allows us to say at minimum that new housing does *not* cause displacement of people of color—as is commonly thought.

Relationship between Black and Latino population growth and housing growth in census tracts in Montgomery County.

Of course, simply building housing is not a silver bullet that will solve all affordability or displacement problems. While much of the new housing accounted for in this study is regular market-rate housing, Montgomery County's strong affordable housing programs—especially the moderately priced dwelling unit (MPDU) program—undoubtedly make such inclusive growth possible. People making under 200% of the federal poverty cannot likely afford much of this housing on the open market (although many residents without income-restricted units in downtown Silver Spring are likely cost-burdened by housing). This and other affordability

programs should continue and be expanded. And while building alone won't solve the affordability problem, this point underscores what an important component it is to the solution: The MPDU program is only triggered *when new housing is built*.

Redevelopment doesn't mean replacing affordable housing with luxury apartments

Downtown Bethesda can help to illuminate how our affordable housing programs contribute to inclusive growth. First, while the two central downtown Bethesda census tracts show diverging neighborhood change trends (one is experiencing inclusive growth while the other is experiencing displacement; this can be viewed on the neighborhood change interactive map), aggregating these two tracts would place them in the inclusive growth category. If the four tracts included in the Bethesda's 2017 master plan are aggregated, the entire area would narrowly miss being classified as inclusive growth; it still gained 385 lower-income people overall.

This inclusivity has been possible partly due to the MPDU program. Since Bethesda's master plan, 1,843 new housing units have been built in downtown Bethesda, 270 of which were MPDUs. To gain these affordable units, only 14 existing units—most of which were initially built as residential but used as office or other commercial units by the time of their redevelopment—were demolished. These kinds of net housing gains—both market rate and affordable—make inclusive growth possible even in an expensive area like Bethesda and help to deconcentrate poverty by giving lower-income families opportunities to live in higher-income neighborhoods.

None of this is to deny the existence of displacement. As the Neighborhood Change study shows, displacement is happening to a limited extent in Montgomery County and is a severe problem in the District and Arlington and Alexandria in Virginia.

Even without displacement, the changing character of growing neighborhoods can be unsettling. Lower-income people and people of color can begin to feel unwelcome in their neighborhoods even if they are not literally being pushed out. To be fully socially and culturally inclusive, we must continue to strengthen our affordable housing programs and preserve culturally significant private and public spaces. Also, adding market rate and affordable housing in areas that are not susceptible to displacement—often because they are already predominantly affluent—will go a long way to preventing further displacement in areas that are changing by lessening housing pressure there.

Montgomery County prides itself on its diversity, and for good reason. The county is one of the most racially and ethnically diverse counties in the U.S. The same unfortunately cannot be said of many of its neighborhoods, which remain highly segregated by race, ethnicity, and income. Ultimately, if we want our neighborhoods to be more diverse in a way that reflects the diversity of our county and some of our signature downtowns, we must grow and add

more housing to accommodate this growth. Otherwise, it's a zero-sum game – someone must leave for someone else to move in. Growing inclusively means making space for everyone.

---

[1] The federal poverty level for a family of four was $51,500 in 2019.

[2] See full explanation of study methodology.

[3] Although downtown Wheaton's core census tract does not meet the neighborhood change criteria, it did add residents of all income levels in significant numbers. In fact, it increased its middle-high income population by over 70% while also increasing its share of low-income residents by over 5%. This tract joins the tract containing Downtown Crown in Gaithersburg as the only two in Montgomery with such significant changes in both directions. Each of these tracts added over 1,400 housing units between 2000 and 2019.

About the authors
Ben Kraft is a research planner in the Research and Strategic Projects Division. His research and planning work focuses on topics related to the economy and employment. Ben has a Ph.D. in City and Regional Planning from Georgia Tech and a Master's degree in Urban Planning from the University of Michigan.

Casey Anderson has served on the Montgomery County Planning Board since 2011 and was appointed Chair in 2014. He also serves as vice chair of the Maryland-National Capital Park and Planning Commission, the bi-county agency established by state law that regulates real estate development, plans transportation infrastructure, and manages the park systems in Montgomery and Prince George's Counties.