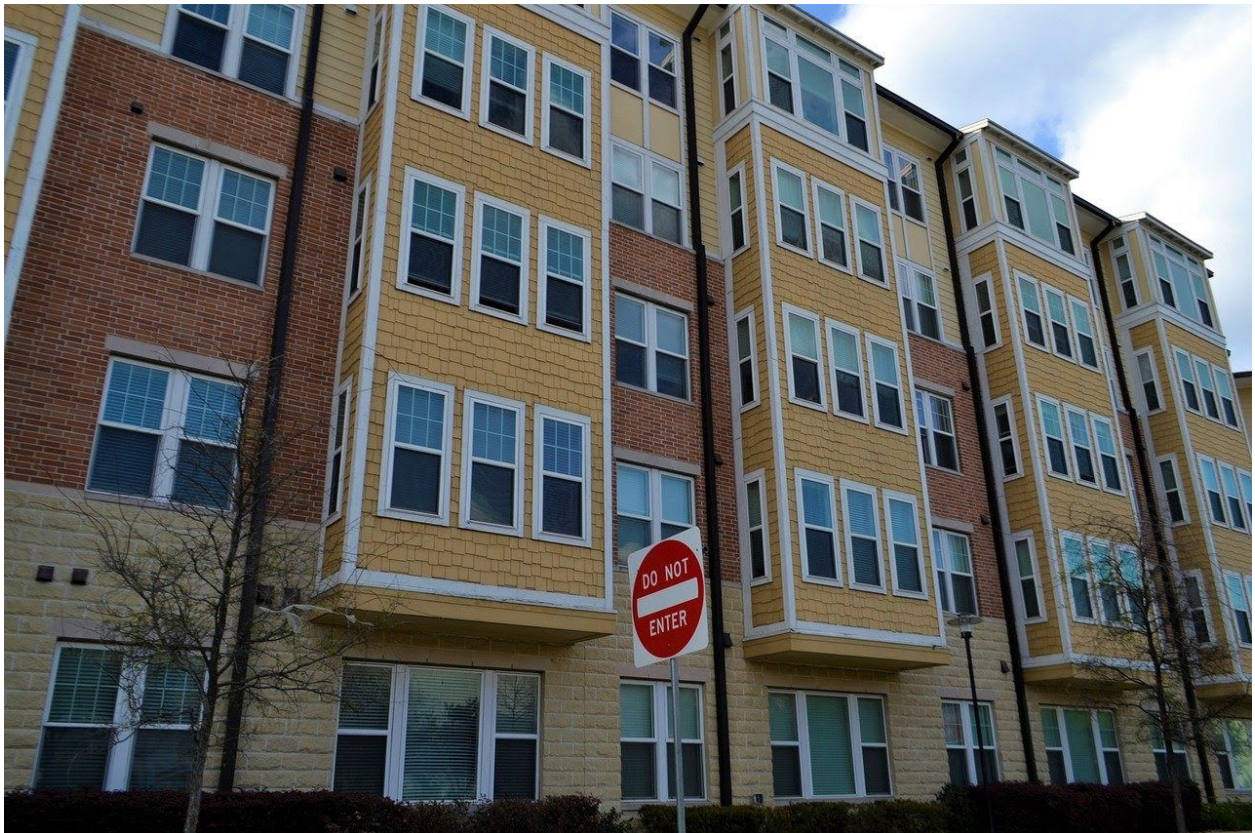


Historic Designation Without Representation

Problems with Historic Designation

Testimony to Performance Oversight Hearing



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Introduction

My name is Michael Mann and I am here to talk to you about my experiences with and research on the process of Historic Designation (HD) in DC. I have a PhD from Boston University, did postdoctoral work at UC Berkeley, and now am an professor at The George Washington University. I have published dozens of peer reviewed academic papers, including in the Proceedings of the National Academy of Sciences. I tell you this only to indicate that I take my research on this topic like all others seriously.

My initial encounter with Historic Designation occurred in 2016, when a small group of Eckington residents started pushing for designation of the neighborhood. While initially enthusiastic about the idea I quickly became disenchanted as I explored the impacts of Designation.

These problems are threefold:

- First, it strictly constrains the number of additional housing units, particularly affordable housing - thereby limiting the total supply of housing,
- Second, it largely prevents households from growing 'in-place'- by banning visible expansions to existing housing stock, and
- Third, it increases the cost of homeownership - putting pressure on lower/middle income families and the elderly.
- Finally, protecting buildings does not translate to protecting their residents in fact, I will provide evidence that Historic Designation actually hurts residents.

As result I helped start a group in January, now with 100+ members, called 'Historic Designation without Representation' to press for reforms to the HD process. With this testimony I hope to demonstrate that Historic Designation undermines critical social goals for our city like: providing affordable and middle-class housing, and maintaining our minority and elderly populations.

Results

Affordable Housing

Mayor Bowser aims to add over 36,000 new affordable housing units by 2025. However, over 20% of DC land area is already ‘protected’ from additional development through Historic Designation. Another ~50% of its land is reserved for single family housing, which also prevents affordable housing development. As you can see from the figure below, Historic Designation has nearly eliminated any ability to produce affordable units, particularly units classified as ‘very affordable’ since 2015. This is because Historic Designation severely limits opportunities for ‘infill’ development and provides straightforward ways to limit the size and number of any new units.

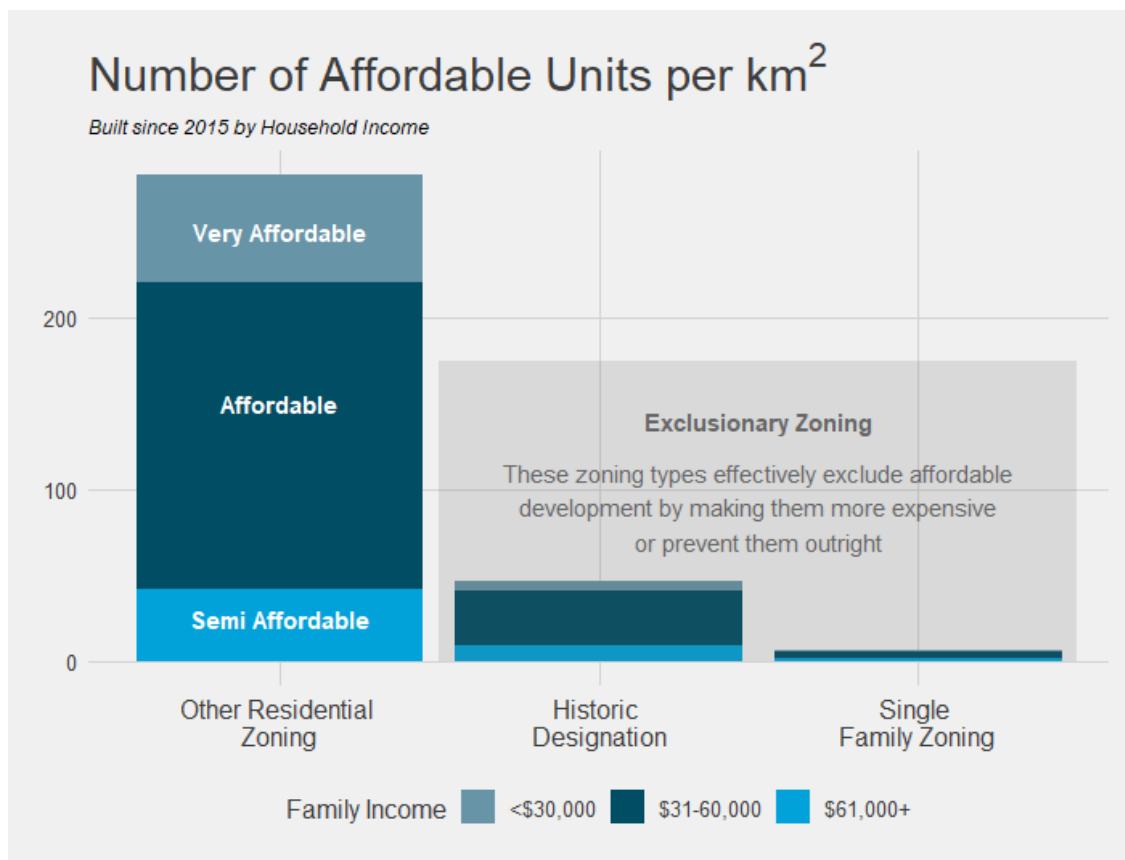


Figure 1: The Number of Affordable units Built since 2015 per km²

Data on affordable housing development was obtained via <https://opendata.dc.gov/>. The number of units built is broken down into their affordability classes where “Very Affordable” is <30% Average Median Income (AMI), “Affordable” is 31-60% AMI, and “Semi-Affordable” is 61-81%AMI for a family of three.

See the map of where affordable housing is, and isn't being built <https://bit.ly/2GZFa0J>.

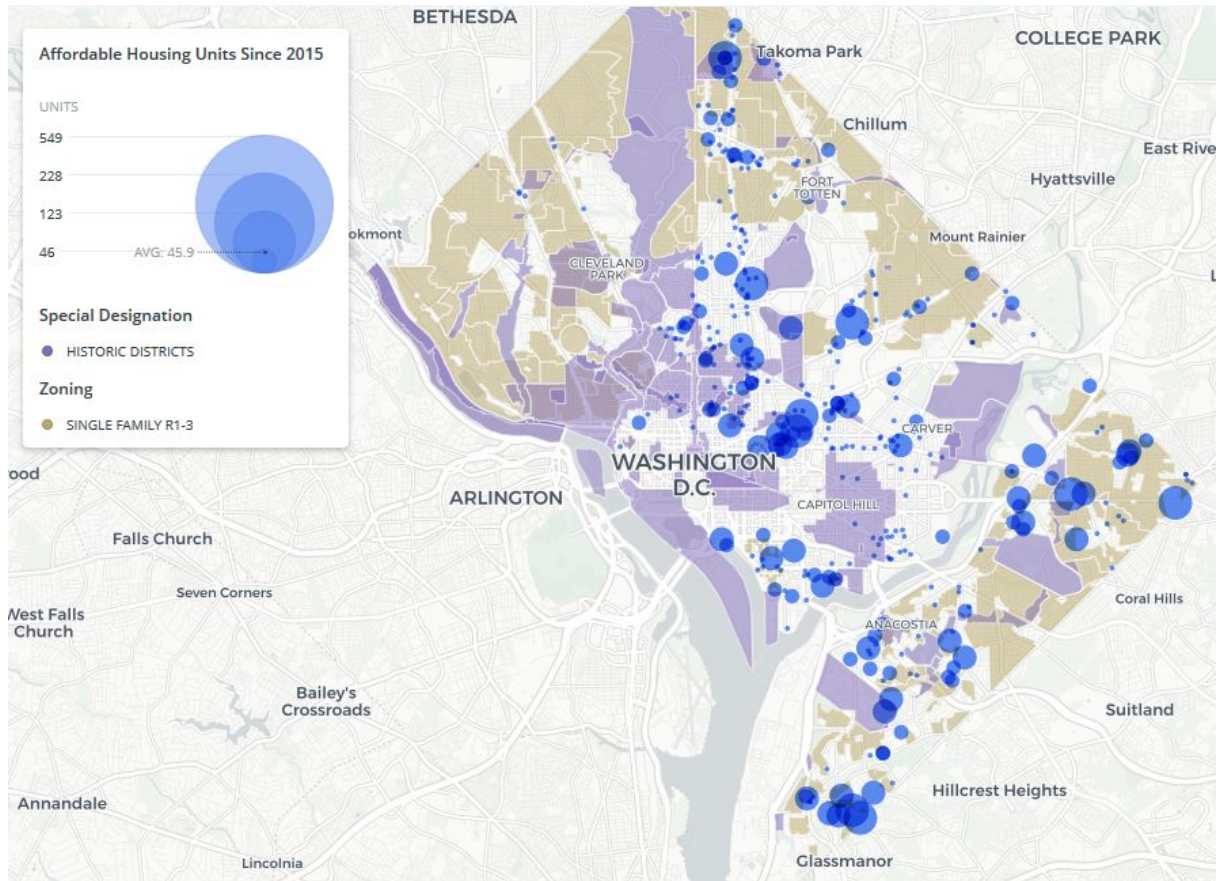


Figure 2: Map of the Number of Affordable units Built since 2015

Data on affordable housing development was obtained via <https://opendata.dc.gov/>. Interact with at <https://bit.ly/2GZFa0J>

This constraint is compounded the the fact that Historically Designated neighborhoods have expanded at a staggering rate (approximately 1.5% of DC's land area per year). **This rate of growth implies that between single family zoning and Historically Designated areas, almost no land will be available for additional housing within 15-20 years.**

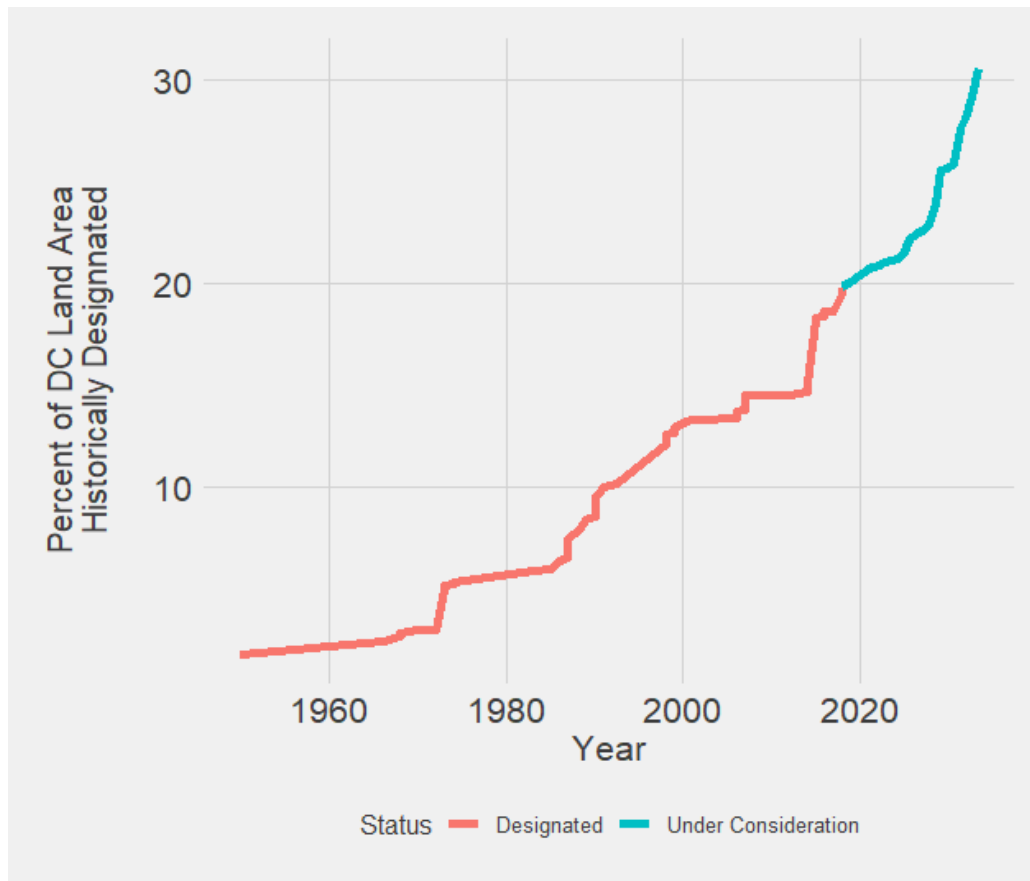


Figure 3: Percentage of Total DC Land Area Designated as Historic

Data tracks the data and land area of Historically Designated neighborhoods as described in <https://planning.dc.gov/page/dc-historic-districts>

This would not be a problem if Historic Designation had no substantive negative effects on the city. After looking at the 2016 census data I was astounded by HDs effects on rents, the elderly, middle income families and minorities.¹

Costs of Living

Historic Designation by definition reduces the supply of housing by banning, or otherwise limiting construction of new units, and increases the cost of available infill development options.² As a result fewer rental units are available in HD neighborhoods, and in turn, they demand higher rental prices of residents.

¹ United States Census Bureau / American FactFinder. *2016 American Community Survey*. U.S. Census Bureau's American Community Survey Office, 2016. Web. 1 January 2019
<<http://factfinder2.census.gov>>.

² "The New Exclusionary Zoning" Stanford Law and Policy Review <https://bit.ly/2H4juke>

In the figure below we can see that **Historically Designated areas in all DCs quadrants have a significantly higher percentage of expensive (>\$1,500 for a 1 bedroom) apartments.** In NW for example, nearly 75% of all 1 bedroom apartments of the typical HD block rents for more than \$1,500/month, compared to around 20% for non-designated areas. The same is true in all other quadrants but to a lesser extent.

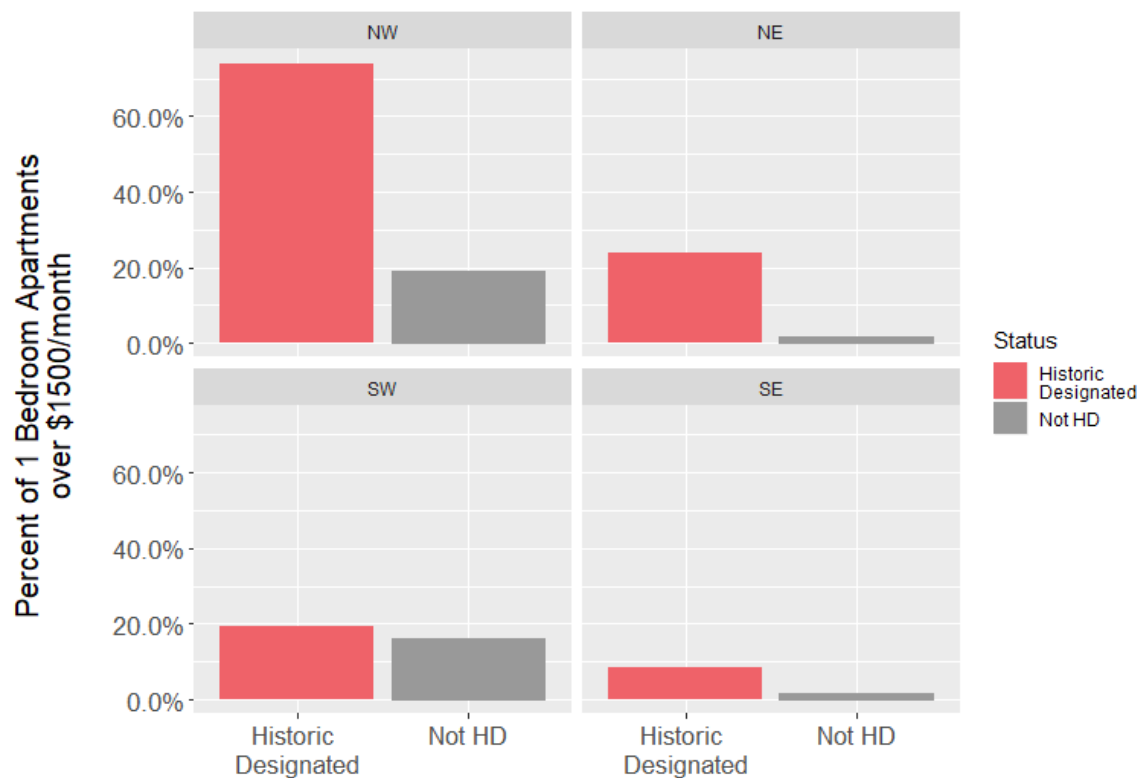


Figure 4: Percentage of 1 Bedroom Apartments rented for greater than \$1,500 per month

Data is obtained at the "block group" level from the American Community Survey for the year 2016. To compare distributions we present the mean value for Historic and non-historic neighborhoods by quadrant.

In addition to limiting the creation of new housing units, Historic Designation also dramatically increases the costs of homeownership. Although HPO has in many ways tried to reduce costs, extremely high cost repairs are routinely required. Failing to make the 'proper' restorations runs the homeowner afoul of the HPO and DCRA rules, leading to fines and other ramifications. For instance the first major renovation in Bloomingdale under HD required the homeowner to have slate hand-cut into a scallop shape (whereby 25% of the slate is lost due to damage), setting a \$+15,000 'precedent' for neighborhood

roof repair. **Many of these repairs are well outside the budget of ordinary citizens, which some might argue, is the point.** These costs of course trickle down to renters and to new owners when the building is sold.

Effects on Middle Class

Higher rents and costs of ownership have direct impacts on the composition of who lives in the neighborhood. **We can see that neighborhoods in designated areas also have significantly fewer residents earning less than \$100,000 per year**, implying Historic Designation might undermine affordability for a broad class of DC residents (earning less than \$100k). In NE for instance, Historically Designated neighborhoods have ~25% fewer middle income residents. Other areas of the city have even more staggering differences.

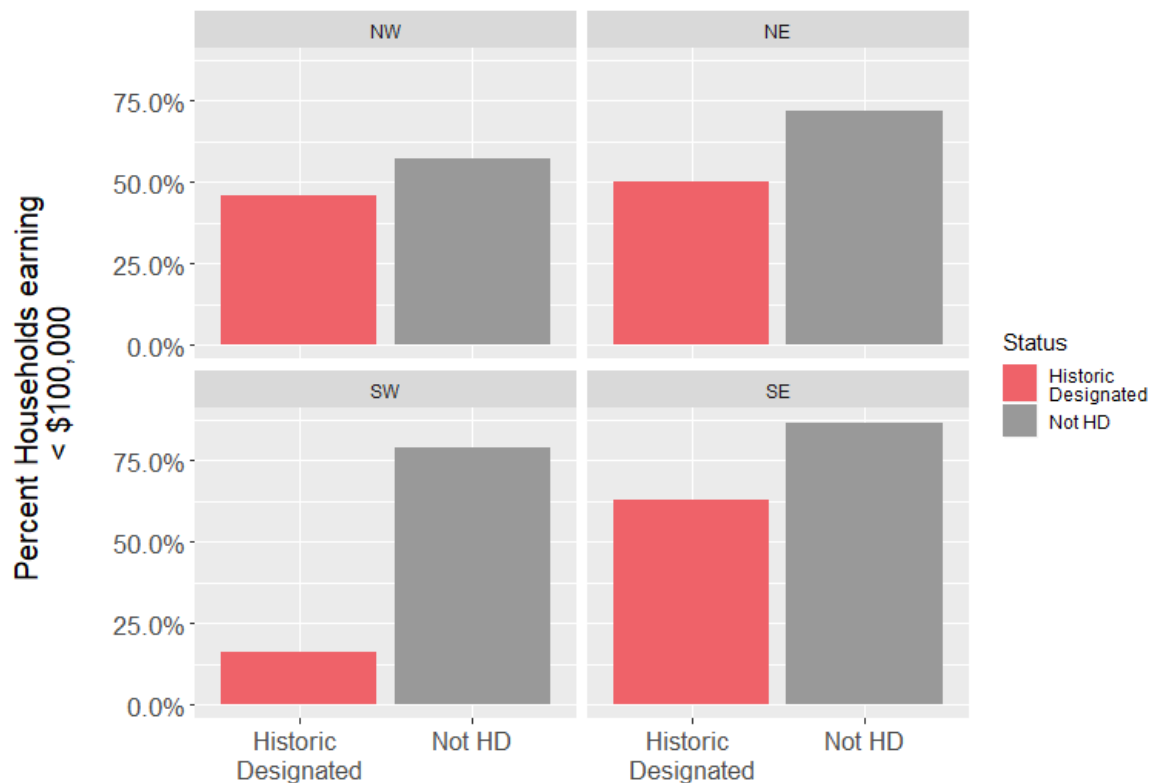


Figure 5: Percentage of Households Earning Less than \$100,000 per year

Effects on Minority Population

These restrictions likely have more pernicious effects, as economic pressures often cut along the lines of race and age. Looking at the figure below we can see that **across all areas of the city, Historically Designated areas have significantly fewer minorities than non-designated areas.** In the NW the typical historically designated neighborhood is comprised of less than 25% minorities, compared to over 60% outside of historic neighborhoods. Similar patterns of racial segregation persist in all areas of the city.

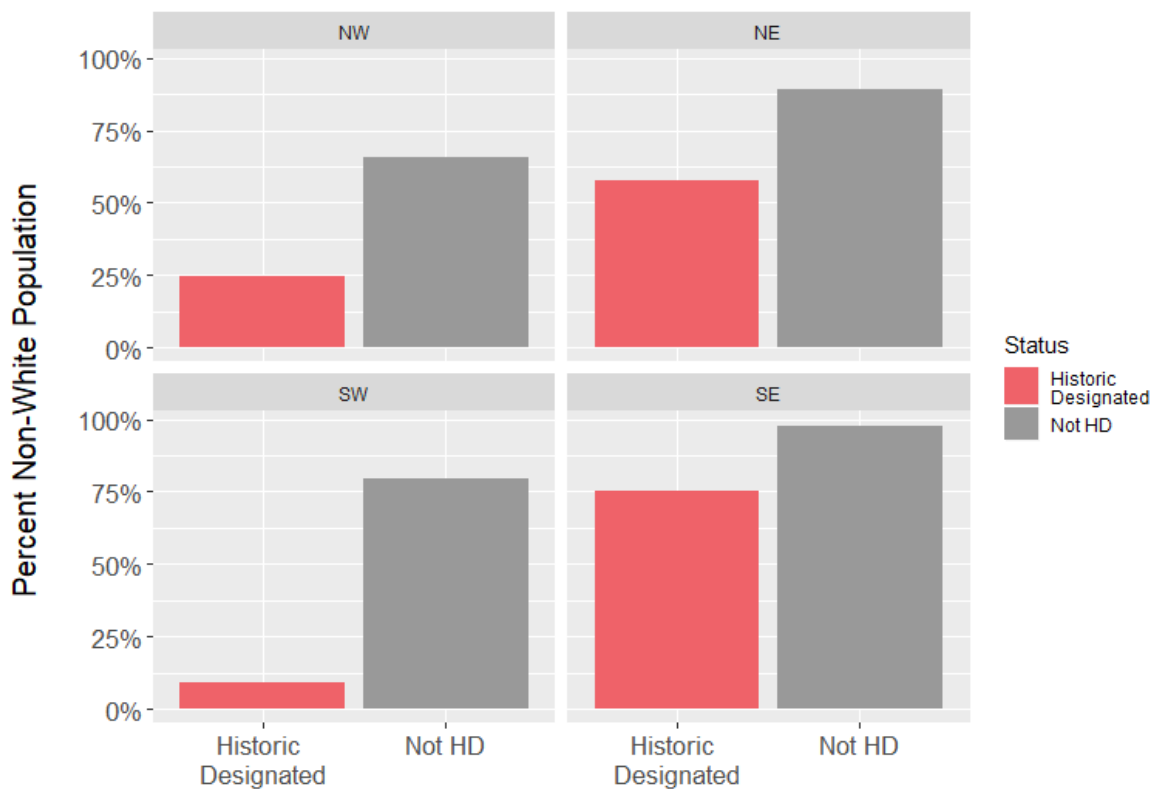


Figure 6: Percentage of Residents that are Non-White

Effects on Elderly Population

Unfortunately this affordability impact carries over to the elderly as well. As they are likely the least able to handle the additional financial and administrative requirements of living in a designated neighborhood. **Across all quadrants, Historically Designated areas have between 10-25% fewer elderly residents than non-designated areas.** This outcome appears particularly cruel as one would expect the protection of Historic Buildings to translate into the protection those who helped create that history.

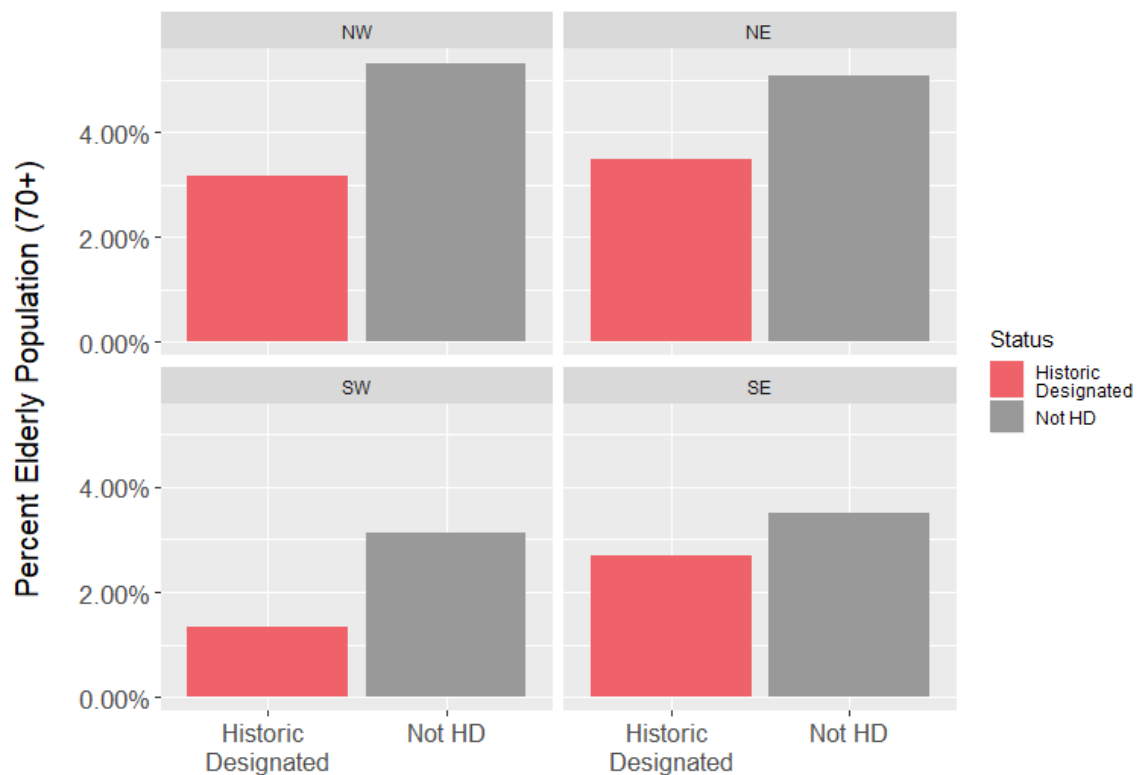


Figure 7: Percentage of Residents that are Elderly (70 Years or Older)

Neighborhood Support

It would be easy to defend Historic Designation zoning powers if it provided clear benefits to either the neighborhood or the greater DC community. Given the results above, it is not clear that the powers given to HPO provide any meaningful community benefit, beyond aesthetic ones, and in fact may be detrimental.

Community members are increasingly aware of these tradeoffs, and the Historic **Preservation Review Board decisions have become flashpoints in a number of communities including my own Eckington, as well as Bloomingdale, Kingman Park, and Chevy Chase, amongst others.** In Eckington the ‘process’ was extremely disruptive and pitted otherwise friendly neighbors against each other. Tempers still run high three years later.

We recommend providing the neighborhood a voice in whether or not the costs are worth the benefits. Following the example from other cities, a binding “up or down” postcard vote should be required before HPRB can begin hearing arguments for a new designation. As such, all residents can weigh in on how best to preserve their community.

Can this be true?

I would assume that many people would find these results surprising. However there has been broad acknowledgement that Historic Designation, if not implemented carefully, can and has, been used to displace low and moderate income residents. In fact the book titled “Displacement: How to Fight it” features a whole chapter titled “Strategies for Resisting Displacement from Historic Preservation”, moreover the National Commission on Neighborhoods in 1979 found that Historic Designation often came “at the expense of low and moderate income residents”. There is also an extensive academic literature taking this into account. See a good summary here.³

³ <https://bit.ly/2IHeTH0>

Figure 8: Displacement How to Fight it

Washington DC has a long and sordid history of using zoning to remove citizens it deemed undesirable. In 1934 the Alley Dwelling Act was used for the goal of removing “unsanitary alley dwellings” from Georgetown amongst others - that were almost exclusively the property of black residents.⁴ It has also routinely been used as a tool to further empower and enrich the upper echelons of society. In 2004 the Washington Post reported on the use of “easement donation” whereby a homeowner in a Historic District would “donate” the historic facade (which was already protected) of their home in trade for an 11% deduction. In one case the purchase of a \$1.5 million dollar mansion provided a \$165,000 windfall to the former spokeswoman for Dick Cheney. At the time the Post identified 1,400 easement donations with the average home value being “more than 1 million dollars” each.⁵ This loophole was routinely featured in the “Dirty Dozen” tax tricks until the IRS began cracking down on its use recently.

More practically Historic Designation provides a direct line to zoning powers for ordinary citizens that can easily be abused by NIMBYist. This includes most recently arguments against transient housing shelters in NE and NW, and squashing affordable housing proposals throughout the city.

⁴ <https://georgetownmetropolitan.com/2016/02/09/the-mandate-to-remember-black-georgetown/>

⁵ <http://www.washingtonpost.com/wp-dyn/articles/A57445-2004Dec11.html>

Conclusions

Through Historic Designation, DC has provided enormous zoning power to the Historic Preservation Office under the assumption that their activities improve outcomes for its residents. Although more work needs to be done, these initial findings point to a breach of this social contract.

Although their intentions are admirable, HPO activities appear to actively undermine critical social and political goals of the District, including those for the middle and lower classes, for the elderly, and for minorities. The rapid expansion of Historic Districts, while protecting the aesthetic future of the built environment, appears to diminish DC's ability to provide additional affordable housing, and to maintain its diverse neighborhoods.

In other words, it sacrifices our cultural heritage in favor of the built environment.

Recommendations

- Reassess whether or not providing the HPO with substantial zoning powers is beneficial to the District.
- Slow or stop the rate at which neighborhoods can be designated. Historic Designation and Single Family zoning already restrict housing development in the vast majority of DC's land area (see the map <https://bit.ly/2T40ARG>).
- Convert neighborhoods currently Historically Designated into "Conservation Districts" which would allow for substantially more housing while maintaining the aesthetic tone of the community.
- Create a mechanism for binding "up or down" postcard vote before the HPRB can hear arguments for a new designation.
- Provide an automatic waiver exempting low income and elderly residents from HPO oversight.
- Increase funding for the HPO's "Historic Homeowner Grant Program" which currently only provides 5-8 grants to low and moderate income residents per year.

Critical Questions for HPO Staff

- Why is little to no affordable housing being created in Historically Designated neighborhoods? (see Figure 1 and the map <https://bit.ly/2T40ARG>)
- What elements of Historic Designation are directly targeted at preserving the long-term residents of Historic homes? Why is it not working (see Figures 4-7)?
- What percentage of DC's land area could viably be considered "historic" given current HPO guidelines? (see Figure 2 & 3)
- If Historic Designation does not increase the costs of homeownership (as is often argued), why do they have a series of large grant programs to help offset those costs?