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The real reasons D.C. has a gentrification problem

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In his Aug. 11 Local Opinions essay, “[A tool that helps speed up gentrification](#),” Diego Zuluaga of the Cato Institute asserted that the Community Reinvestment Act, a law designed to combat redlining, is instead promoting displacement of minorities in gentrifying communities in the District.

A [report](#) published this year by the National Community Reinvestment Coalition revealed the intensity of gentrification and displacement in the District. But it also showed gentrification and displacement are rare nationally and are concentrated in just a handful of metropolises. In most of the nation, the CRA categorically did not cause displacement.

Many studies have concluded that the CRA has a significant positive impact on lending to minority and low- and moderate-income borrowers. Federal Reserve Bank of Philadelphia economists showed that the CRA has increased home lending to minorities in low-income and minority (LMI) communities. CRA examiners are instructed not to count lending or investing when it displaces lower-income people.

The real problems are rampant economic inequality and a lack of affordable homeowner units. As of this writing, according to Zillow, there were just 240 homes with two or more bedrooms for sale under \$500,000 in the District. That’s the problem: Homes aren’t affordable to LMI people. The CRA helps by encouraging banks to finance construction of new or rehabilitated units that are affordable to LMI households, but the scale of construction is not large enough to show up in the data Zuluaga is observing.