

THE IMPACT OF GENTRIFICATION ON NONPROFIT ORGANIZATIONS IN THE DISTRICT OF COLUMBIA

A Report by the D.C. Bar Pro Bono Center¹

1. Introduction

Over the past several years, a number of nonprofit organizations have asked the D.C. Bar Pro Bono Center for assistance with legal issues arising from the need to relocate or expand their facilities. The organizations requesting assistance have represented a wide variety of nonprofit missions, including health care clinics, domestic violence and homeless shelters, schools and other learning facilities, and arts groups looking for performance and exhibit space. Many of these organizations owned or leased space in rapidly gentrifying D.C. neighborhoods such as Columbia Heights, Shaw, Mount Pleasant, and the 14th Street corridor, and were faced with the challenge of either changing locations to be closer to their clients or finding more affordable facilities. Recognizing that this was a recurring issue for nonprofits in D.C., the Pro Bono Center determined it would be best to address the problem in a more holistic manner.

After conducting some preliminary research on the impact of gentrification on nonprofit organizations in other cities such as Los Angeles and San Francisco, the Pro Bono Center reached out to Compass, a tax-exempt organization that provides strategic counseling and support for nonprofits on a pro bono basis, for additional assistance. Compass put together a team of volunteers and, together with the Pro Bono Center, interviewed more than 20 nonprofit organizations operating in the D.C. metro area. The interviews focused on how gentrification was impacting their organizations and what steps they were taking to address the issues.

On June 13, 2016, the Pro Bono Center hosted a conference at which Compass presented the results of the study. The presentation was followed by panel discussions on best practices for dealing with gentrification—including a look at future demographic trends and their potential impact on nonprofit organizations—and the role of nonprofits in the future of the District of Columbia. This report is a summary of the Compass presentation, the panels at the conference, and the discussions that followed. Going forward, it also lays out a road map for how to address the issues raised in the study.

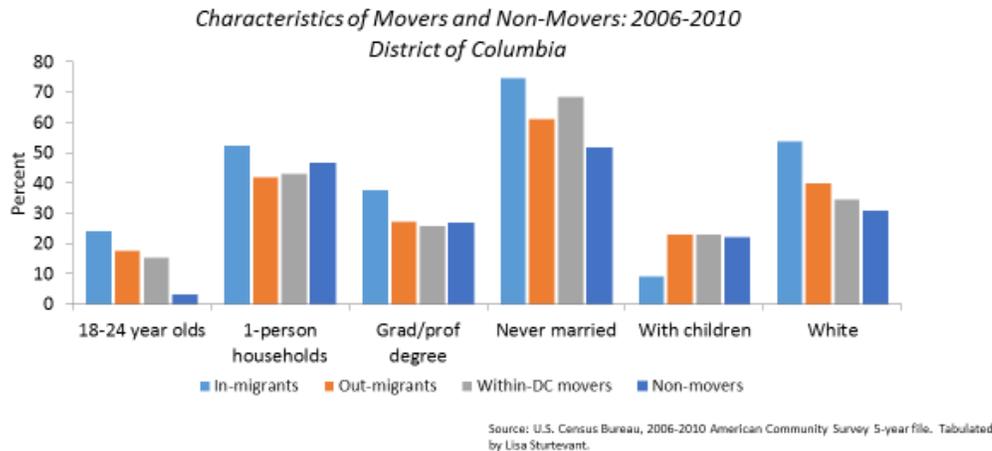
2. A Changing City

The last decade has seen dramatic changes in the population of the District of Columbia.² Average household income has increased substantially, and there have been significant changes in the city's racial and ethnic makeup.

¹ The D.C. Bar Pro Bono Center would like to thank Compass DC for its help with this project, as well as Michael Dickson, Betsy Hannon, Catherine Long, Brendan Maggiore, and Debbie Van Opstal for their many hours of work in connection with the gentrification study. In addition, we would like to thank Dr. Lisa Sturtevant for her leadership in putting together the demographic trends and analysis for this paper.

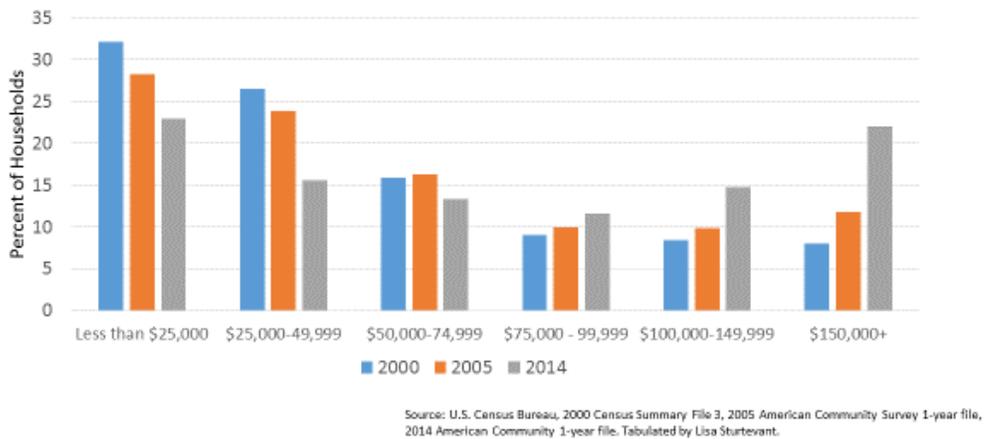
² The Urban Institute has released a comprehensive study on the population changes in the District. <http://apps.urban.org/features/OurChangingCity/demographics/index.html>.

Characteristics of people who moved into DC are very different from those who moved out of—or even within—the city.



The result has been an increasingly more affluent city.

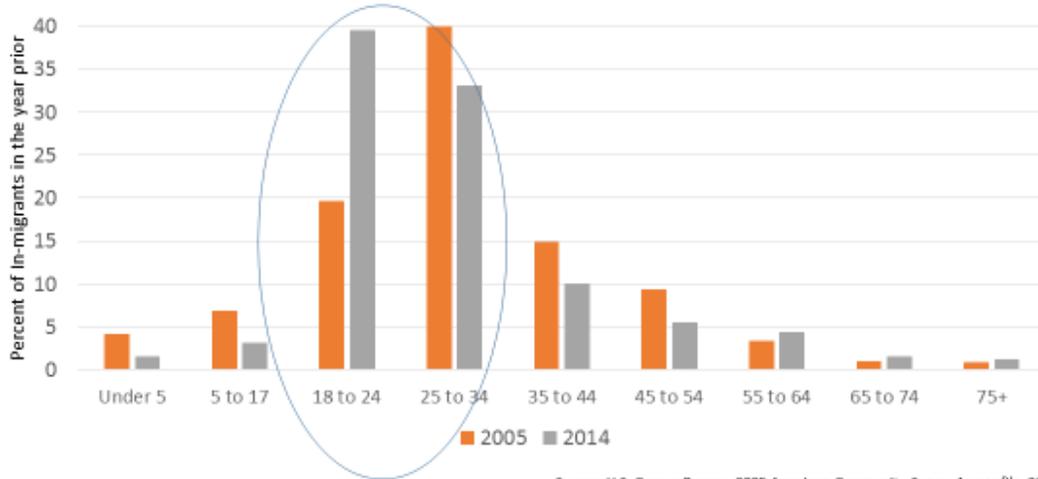
Since 2000, DC has lost low-income households and gained higher-income households.



But the changes have not been limited to income. The population in the District is also younger, with more single-person households and fewer children and senior citizens living in the city. Residents between the ages of 18 and 34 make up 35 percent of the District’s population, as compared to 23 percent of the U.S. population as a whole. Moreover, the under-18 population has decreased by about 14,000 people in the past 10 years, and the over-65 population has decreased by 1,000, reflecting the fact that some neighborhoods are increasingly populated by single adults and childless couples. The

neighborhoods that have experienced the most change include Logan Circle, Shaw, Columbia Heights, and Mount Pleasant.

Recent population growth has been driven by the movement of young adults into DC.



Source: U.S. Census Bureau, 2005 American Community Survey 1-year file, 2014 American Community 1-year file. Tabulated by Lisa Sturtevant.

One consequence of the increasing affluence of D.C. residents is the skyrocketing cost of housing.³ According to RealEstate Business Intelligence, average home prices increased substantially between the years 2009 and 2014 in most neighborhoods.

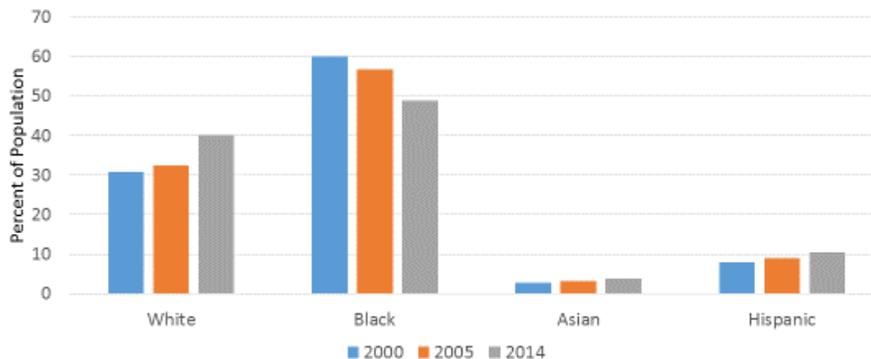
³ <http://greatergreaterwashington.org/post/26526/dcs-housing-affordability-crisis-in-7-charts>.

	2009 Median	2014 Median	5-Year Return	Annualized
Trinidad	\$160,800	\$390,500	142.85%	19.42%
Eckington	\$275,000	\$521,000	89.45%	13.63%
LeDroit Park	\$365,000	\$645,000	76.71%	12.06%
Brookland	\$264,000	\$445,000	68.56%	11.01%
Columbia Heights	\$315,000	\$520,000	65.08%	10.54%
16th Street Heights	\$434,000	\$670,000	54.38%	9.07%
Hillcrest	\$228,225	\$325,000	42.40%	7.33%
Palisades	\$690,000	\$980,000	42.03%	7.27%
Capitol Hill	\$526,250	\$685,000	30.17%	5.41%
Mount Pleasant	\$465,000	\$579,000	24.52%	4.48%
Georgetown	\$902,500	\$1,120,000	24.10%	4.41%
Chevy Chase DC	\$783,000	\$918,250	17.27%	3.24%
Anacostia	\$185,000	\$208,000	12.43%	2.37%

The result is a median home price in D.C. of more than \$400,000. Moreover, homeowners who purchased in Washington one year ago accumulated an average of \$7,413 in equity; homeowners who purchased in Washington three years ago accumulated an average of \$78,070 in equity—nearly \$30,000 more than the rest of the U.S. Finally, homeowners who purchased in Washington five years ago accumulated an average of \$108,184 in equity, or more than twice as much as the rest of the U.S.⁴

This has been a windfall for current D.C. homeowners, but it has come at a significant cost to those who rent their homes in neighborhoods that have seen the most dramatic increase in property values. Because of the lack of affordable housing in D.C., many lower-income residents, particularly African Americans, have relocated to Prince George’s County in Maryland. As a result of this displacement, the District has evolved from being a majority African American city to a majority non-African American city.

For decades, DC has been a majority African American city. By 2014, less than half of the city’s population was black.



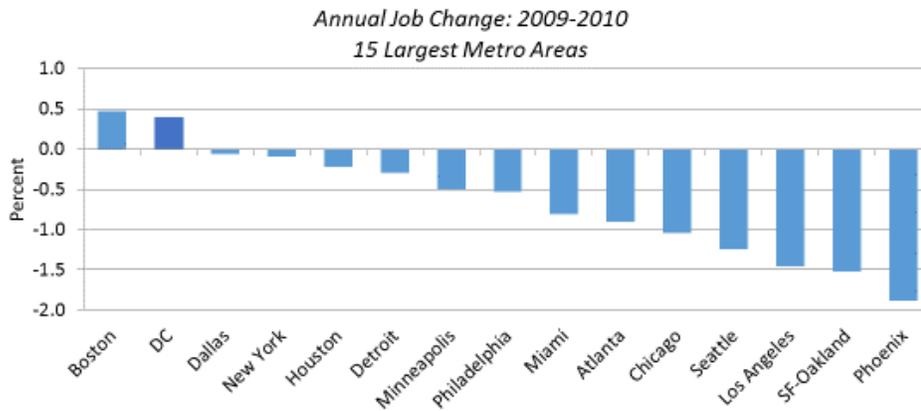
Source: U.S. Census Bureau, 2000 Census Summary File 3, 2005 American Community Survey 1-year file, 2014 American Community 1-year file. Tabulated by Lisa Sturtevant.

⁴ <http://www.fortunebuilders.com/washington-d-c-real-estate-market-trends>.

One consequence of these demographic and social shifts has been the significant movement of middle-class African Americans from D.C. But unlike lower-income African Americans, these residents are not moving to southern Maryland—instead, they are leaving the region entirely, with Atlanta being the number one destination.⁵ Affordability is not the sole issue; there is also a sense of loss of community identity, and disenfranchisement.⁶

However, at least for the time being, D.C. may have experienced a high-water mark for population growth. In 2009 to 2010, D.C. had one of the hottest job markets in the country.

Following the recession, DC added jobs faster than almost anywhere else, attracting young workers.

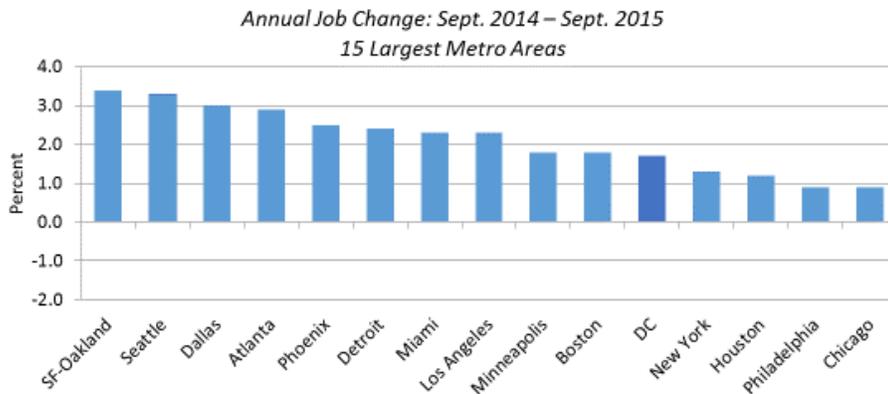


Source: Bureau of Labor Statistics (Not Seasonally Adjusted).

But in the past few years, due to many factors such as sequestration, D.C. job market growth has declined in comparison to other cities where post-recession growth has at last taken hold.

⁵ <http://www.usatoday.com/story/news/nation/2015/02/02/census-great-migration-reversal/21818127>;
<http://www.atlantablackstar.com/2014/10/28/9-major-cities-experiencing-a-shocking-level-of-black-flight/2>.
⁶ <http://www.nytimes.com/2016/07/21/us/black-exodus-from-san-francisco.html>.

Now, there is competition for workers from other places around the country.



Source: Bureau of Labor Statistics (Not Seasonally Adjusted).

3. Impact on Nonprofits

How do these changes impact the ability of nonprofits to deliver services to their clients? Academic research on the impact of gentrification on nonprofit organizations in London and Los Angeles has yielded interesting insights into the issues D.C. is now facing.⁷

The study on Los Angeles focused on the Skid Row district, an area where affordable housing providers and other safety net organizations have congregated. The neighborhood is 25 percent white, 27 percent African American, and approximately 50 percent Hispanic, with 41 percent of the residents living below the poverty level. Nonprofits came to Skid Row to be closer to the population they serve and because the area was affordable for the organizations. The study found that while there were real advantages to concentrating services into a single neighborhood, this concentration had the simultaneous effect of isolating the nonprofits and their clients.

At the same time, the effects of gentrification on nonprofits operating in more affluent neighborhoods were also measurable. Many of the nonprofits felt trapped in their communities, unable to afford the cost of moving and unable to expand because of cost and neighborhood resistance. In those neighborhoods, there was also a perceptible impact on the interaction between the nonprofits and their clients. The researchers noted that the nonprofits were more likely to micromanage their clients so as to avoid conflict between the clients and the more affluent community residents.

Many D.C.-based nonprofits reported similar experiences. For example, rising rents have forced several nonprofits that assist victims of domestic violence to dramatically cut back their transitional housing and

⁷ http://researchgate.net/publication/263414344_Resisting_gentrificationinduced_displacement_Advantages_and_disadvantages_to_staying_put_among_nonprofit_social_services_in_London_and_Los_Angeles.

rent subsidy programs for clients who have fled abusive relationships. In addition, emergency shelter space for domestic violence victims is dwindling under the pressure of the rapidly changing real estate market.⁸ This reduction in services has come at a time when the number of domestic violence-related calls to police has increased from 3,100 calls in 2011 to 3,499 calls in 2015.

A. The Challenges of Gentrification

Several nonprofits the Compass team interviewed are in a similar plight. The organizations have been or expect to be forced out of their communities, either because the nonprofits have been renting space that will no longer be available and affordable, or because their clients no longer live in their communities due to the higher cost of housing.

Example 1: Nonprofit A has been operating out of a space in downtown D.C. that the building owner has made available to it at no cost. However, Nonprofit A expects that within the next few years it will have to relocate because the owner plans to sell the building to a developer for conversion into high-rent commercial space. This has caused Nonprofit A significant concern because there is no affordable space for it in its current neighborhood. Nonprofit A will have to relocate, most likely to Ward 7. To prevent future dislocations, Nonprofit A wishes to buy a facility in Ward 7. Among the issues this has raised include:

- How much will it cost to purchase the space and retrofit it to meet Nonprofit A's needs?
- Will Nonprofit A be able to launch a successful capital campaign, or is there a risk of "capital campaign fatigue" among District donors?
- Will Nonprofit A be able to raise additional funds annually to pay the cost of maintaining the property, in contrast to its current space that does not require such expenditures?
- Nonprofit A relies heavily on the use of volunteers to carry out its mission. Will its volunteers follow it to Ward 7, and, to facilitate that, will it have to spend more to purchase property that is accessible by public transportation?

Example 2: Nonprofit B operates a food program for the homeless in a rapidly gentrifying neighborhood in D.C. While the new residents are significantly more affluent than those who lived in the neighborhood before, demand for Nonprofit B's services has increased because other organizations that provided similar services were forced out of the neighborhood, leaving only Nonprofit B to meet this need. Nonprofit B has experienced conflict with the newer residents of the neighborhood. They contact Nonprofit B when they have issues with homeless residents in the neighborhood, regardless of whether they are Nonprofit B's clients, and otherwise express dissatisfaction with the way Nonprofit B operates its facilities. Nonprofit B finds it necessary to work with its clients to minimize friction with other neighborhood residents, and it spends a significant part of its time educating the community about the importance of the services it provides. Because of the increase in demand, Nonprofit B is in need of additional space and wishes to relocate to another building in the neighborhood. However, given the existing tensions with newer, more affluent residents, it is concerned that neighborhood opposition will impede its ability to find new space. Nonprofit B is developing a plan to better engage its neighbors so they will have a greater understanding that homelessness will continue to exist in the neighborhood despite ongoing

⁸ https://www.washingtonpost.com/local/dc-politics/gentrification-eats-away-at-shelter-options-for-domestic-abuse-victims/2016/07/10/0470d18c-43c0-11e6-8856-f26de2537a9d_story.html.

gentrification, and that Nonprofit B's work to serve the homeless population not only benefits its clients but also improves the quality of life for the whole community.

Example 3: Nonprofit C provides supportive services for members of a specific ethnic group living in D.C. The ethnic group is non-English speaking, and Nonprofit C provides ESL and computer skills classes and other job training in the clients' native language. It also provides immigration assistance, housing support services, and support for clients who wish to start small businesses. Since its founding, Nonprofit C has operated in a neighborhood populated by its clients. However, the ethnic composition of the neighborhood has changed substantially, and Nonprofit C's client base is now dispersed throughout the metro area, with a far smaller percentage located in the organization's original neighborhood. In order to adapt to the changing conditions, Nonprofit C has made significant modifications to its programs. It has opened up facilities in other communities in the D.C. area to continue to reach its displaced clients. In addition, because fewer of Nonprofit C's clients are residents of its original service area, it has started to provide assistance to members of its client population who continue to work in the neighborhood but no longer live there.

Nonprofit C owned a building in the neighborhood, but the building was small and in need of substantial repairs. Nonprofit C sold the building and used the proceeds to rent space in another neighborhood adjacent to its original community, where the majority of the residents are from a different ethnic group. The move to the new, more affordable neighborhood has not been without problems. The clients and staff feel that something crucial has been lost as a result of the relocation— Nonprofit C has been separated from its roots and no longer shares a communal connection with its client population. There is a strong desire within the organization to return to its original community.

Faced with the pluses and minuses of relocating, some nonprofits have fought to stay in their original neighborhoods. These nonprofits feel strongly that it is important for newly affluent communities to still accommodate nonprofits serving low-income residents of D.C. However, this policy choice has a cost in terms of increased rent and other services. The nonprofits expressed frustration that grant makers, including the District government, do not take into account the increased cost for nonprofits to stay in these communities when making funding decisions, and give no value to maintaining this diversity in the District.

B. Facing the Challenges of Gentrification

Gentrification does not impact all nonprofits equally. Nonprofits that provide services such as children's day care, after-school programs, and arts education have faced less conflict with their communities. However, organizations that serve the homeless, the mentally ill or the recently incarcerated have encountered the greatest challenges as a result of gentrification. Given these realities, for the nonprofits that have been able to navigate successfully the potential negative effects of gentrification, the positive impact on their organizations has been significant.

One approach nonprofits have taken has been to educate the new residents about the need for nonprofit services and about the role nonprofit organizations play in the neighborhood. Some nonprofits have adopted innovative efforts to engage their neighbors. One nonprofit that provides services to homeless residents is located in a rapidly gentrifying community. When a trophy office space building was being constructed across the street from its facility, the nonprofit became concerned that tenants would be in conflict with the nonprofit's clients. To address this challenge, the nonprofit acted proactively by contacting the major tenants and arranging a volunteer day for the tenants' employees. The employees

were impressed with the nonprofit's work and expressed great appreciation for the opportunity to serve. By choosing to view the new construction as an opportunity rather than a liability, the nonprofit was able to put a human face on its clients and create a source for volunteers and donors to support its work.

C. Nonprofits That Own Buildings—A Financial Opportunity

The biggest opportunity has been for the many nonprofits that operate out of spaces they own. As several nonprofits in D.C. have discovered, when the property is located in a gentrifying community, its value can increase substantially. This creates an opportunity for nonprofits that decide to sell their property at significant profits. Some of these deals have taken the form of a straight sale of the property⁹ with the nonprofit using part of the proceeds to finance the cost of relocating, typically to a community closer to its clients and in a building better suited to the organization's changing mission. However, some nonprofits have utilized other options, such as selling their property with the stipulation that they receive space in the new building,¹⁰ either through a long-term lease or a condominium. Others have sold their property with the stipulation that the new owner use at least a portion of the property for the benefit of the community.

Selling property is not without risks. Depending on its mission, it may not be easy for a nonprofit to find a new facility that meets its needs, or a community that welcomes it.

Example 4: Nonprofit D's mission is to provide services to homeless residents, including transitional housing and a food program for the chronically homeless. Nonprofit D owns a building in a neighborhood that has been rapidly gentrifying. It was originally surrounded by public housing units, but the government has been vacating the units and selling the property to residential developers. Nonprofit D's current facility is small and in need of substantial repairs. Nonprofit D does not have sufficient funds to finance the cost of reconstruction and expansion. However, given the location of its facility—near public transportation and in a commercial zone where its clients have been able to find employment—Nonprofit D wishes to remain in its existing neighborhood. As a result, Nonprofit D has entered into an agreement whereby it will transfer title to its building to a residential developer. Under the terms of the agreement, the developer will build 98 units of affordable housing that it will rent to residents in the community, and it will reserve several units for use by Nonprofit D so it can provide long-term housing to its clients. The developer will deed the first floor to Nonprofit D for use as its primary facility. Once the developer obtains financing for the project, it will raze the existing building and construct a new facility in two years. During that time, Nonprofit D will rent space elsewhere in the community.

Example 5: Nonprofit E has two locations in D.C. One is in a gentrified neighborhood close to downtown and the other is in Ward 8. Nonprofit E's mission is to provide health care services to low-income residents of D.C. Nonprofit E owns both buildings in which it operates, although the buildings are old and in need of repairs. It also needs to update the fixtures to provide the appropriate level of care for its patients. To finance the cost of updating its facility in downtown D.C., Nonprofit E transferred title to the property to a developer in exchange for a condominium on the first floor, and, like Nonprofit D,

⁹ <http://www.nytimes.com/2013/12/04/realestate/commercial/nonprofits-with-sought-after-buildings-take-advantage-of-a-hot-market.html>;

http://www.washingtonpost.com/blogs/where-we-live/post/central-union-missions-move-means-new-condos-on-14th-street/2013/02/11/adae3f3e-6fb9-11e2-aa58-243de81040ba_blog.html.

¹⁰ <http://firstuccdc.org>.

it will need to relocate for two years while the new facility is under construction. Nonprofit E has longstanding ties to the community, and it does not anticipate any backlash with respect to its temporary relocation. Nonprofit E also needs to upgrade its facilities in Ward 8, and it is exploring the possibility of entering into a similar arrangement with a developer. However, there has been significant community opposition to developers undertaking projects in that neighborhood. The residents are concerned that such developments will change the neighborhood's ethnic composition and character.

Example 6: Nonprofit F is located in a neighborhood that has been largely gentrified. Its mission is to work with low-income youth to foster personal growth through the operation of after-school, weekend, and summer programs. The organization relies on volunteers to teach classes and other life skills to the students. Nonprofit F purchased space in a building several years ago, when most of its students lived in its immediate neighborhood. Since that time, however, most of the neighborhood's low-income residents have been displaced, and the nonprofit's target student clients now come from every ward in D.C. In addition, about 20 percent of its students come from the more affluent families that now live in the immediate neighborhood. Nonprofit F considered moving to another location closer to its low-income students, but instead decided to purchase additional space in the commercial building in which it operates so it can expand its programs. Nonprofit F based its decision on several factors. First, most of the organization's volunteers live near the facility, and Nonprofit F was concerned that it would lose their services. In addition, because one-fifth of its students come from the new, more affluent families in its neighborhood, Nonprofit F has been able to develop a strong relationship with the community. Finally, because its students are not concentrated in a specific community, but come from many areas of the District, there is no natural location to which Nonprofit F can move and reach a concentration of its students.

However, Nonprofit F had to think of innovative ways to reach its low-income student clients. As one approach, it developed multiple satellite programs in District public schools, bringing the nonprofit's services closer to those students. According to the nonprofit, this approach not only made its programs more accessible, but the need to innovate also forced the organization to better define its mission and methodology. To replicate its programs elsewhere, the organization took several months to focus on what made the programs unique, and what were the most effective methods for carrying out the nonprofit's mission. In addition to expanding its footprint, developing the satellite programs allowed the organization to better understand its purpose and brought greater focus to its work.

D. Sustaining Ownership

While many nonprofits have had the benefit of owning the building in which they operate, it has proven difficult for some of these organizations to sustain full ownership of their property. In many cases the building was donated to the organization, and the facility was older and in need of costly repairs. Because some of these nonprofits have not had access to capital necessary to undertake repairs, they decided to sell all or part of their ownership rights as a way of raising funds. In the case of Nonprofits D and E, both have sold most of their rights in their property, with the expectation that the new owner will raze the existing structures and construct larger buildings in their place. In exchange for their ownership rights, the two nonprofits will each receive condominium space in the new building. Such an approach provides the nonprofit with updated facilities and the assurance that it will not be forced to vacate its space due to increased rent or the landlord's desire to make other use of the space. Moreover, the nonprofit is assured that it can remain in its location, regardless of changes in the neighborhood.

However, there are also limitations to this approach. The nonprofit must abide by the rules of the condominium association, which may limit the nonprofit's right to change its use of the space in the future. The nonprofit no longer has control over how other owners use their spaces in the building, unless the nonprofit is able to negotiate a covenant in the original transaction about its future use. It would also be more difficult for the nonprofit to expand its footprint in the building because of the cost and issues around the availability of space. Finally, while the nonprofit has the benefit of the new space, it no longer has the building as an asset it can leverage to meet future needs.

Some nonprofits that have sold their property have not been able to negotiate for space in the planned new building and must relocate. Depending on the sale price received for their property, these organizations have opted to either rent space or purchase another facility. Those that have chosen to rent face the same issues as other nonprofits in finding an affordable space in a neighborhood where nonprofits are welcome. For those that choose to purchase another building, they must find space that is compatible with their needs and allows them to carry out any needed modifications, all while paying for the cost of upkeep. In the case of nonprofits like health care clinics or schools, their space needs are so specific that if they want to move, they must build a new facility. Even if the proceeds from the sale of their existing property are sufficient to cover the costs of the new facility, these organizations will have to temporarily relocate during the construction period.

E. Finding a New Home

Most nonprofits would prefer to stay in their existing communities because they feel there is still a strong need for their services. Like Nonprofit C, they would rather expand into new communities than leave the neighborhoods where they were established and from which have drawn inspiration for their work. However, because of changed circumstances, the nonprofits often are left with no choice but to move from their current neighborhoods. For the many nonprofits that have opted to relocate, they soon discovered that finding a new community in which to operate can be more difficult than expected.

Most nonprofits have looked to Wards 7 and 8 for their new location. Real estate in those areas is more affordable, and many nonprofits' client communities are concentrated there. Moreover, nonprofits have assumed that neighborhood resistance to their presence would not reach the same levels as it has in other parts of the District. However, several nonprofits have discovered that moving to Wards 7 and 8 raises critical issues that must be addressed in advance.

The first is community resistance. As one nonprofit leader explained, residents of Wards 7 and 8 are concerned that the same forces that drove low-income residents out of other wards in the city are coming to their communities. While residents of Wards 7 and 8 want enhanced services for their neighborhoods, they fear the cost of such services will be their forced relocation.

Residents are also concerned that Wards 7 and 8 will become the only location for residents with problems such as substance abuse and mental health issues, similar to what has happened in the Skid Row section of Los Angeles. The residents stated that they do not want the responsibility for addressing these community needs to fall disproportionately on their neighborhoods.

Nonprofits that have successfully relocated to Wards 7 and 8 offer valuable insight into how to make a good transition. First, the nonprofits spent a significant amount of time getting to know their new community before moving into it. One nonprofit described a process that included visiting with community groups to discuss the proposed move, contacting the local Advisory Neighborhood Council

and soliciting its support, and holding block parties near the organization’s new location so residents could meet its staff and learn about the facility.

Successful nonprofits also made sure the community had a stake in the new development. One nonprofit worked with other organizations in the community that provide job readiness training so the nonprofit could hire local residents to work in the construction of its new facility, as well as directly for the nonprofit once the facility opened. Another nonprofit provided offerings that were specifically tailored to its new location. By addressing the unmet needs of the community, the nonprofits earned the goodwill of their neighbors and helped to ensure that the community saw them as partners in strengthening their neighborhoods.

The nonprofits said the transition process took a long time—up to two years before they broke ground on their new facility—but the payoff at the end was community acceptance.

4. A Role for Government

Nonprofits in D.C. have had to deal with the impact of gentrification largely without the financial assistance of the D.C. government. While some larger nonprofits have been able to hire consultants or obtain pro bono assistance to guide them through this process, the District government has not played a leading role in preserving the nonprofit sector in D.C. In contrast, local governments in gentrifying cities like San Francisco¹¹ have provided technical advice and financial support to nonprofits being displaced by the rising costs of operating in the city.

In particular, San Francisco offers help with financial planning, space planning, identifying/evaluating potential sites, negotiating leases or purchase agreements, developing construction budgets and project timelines, and analyzing potential funding sources. The city also provides financial assistance grants for relocation costs, such as predevelopment expenses, tenant improvements, holding costs, legal expenses, and moving expenses. In addition, the city has a rent stabilization program for nonprofits,¹² allowing them to remain in communities where the rents have escalated beyond what the organizations can afford.

This is critical support for organizations that need to relocate because of increasing costs or a need to be closer to their clients, but do not have the funds to finance the move. A nonprofit may be forced to remain in a space it cannot afford because it lacks sufficient funding to pay the upfront cost of moving, such as hiring movers and making improvements to the new space.

More support for nonprofits may be necessary if the District government were to meet its own goals. For example, the city plans to help low-income residents gain greater financial security through a variety of programs, including financial literacy training, credit repair assistance, banking services, and the development of affordable housing. The District also seeks to boost home ownership among Ward 8 residents, 72 percent of whom are renters, by providing them with down payment assistance. Another goal is to foster a spirit of creativity and entrepreneurship in the city. It plans to make it more affordable for artists to live and exhibit their work in D.C., and to help entrepreneurs start businesses that will provide employment opportunities for city residents.

¹¹ <http://oewd.org/nonprofits>.

¹² <http://ncclf.org/npdmitigation>.

The District government will not be providing these services directly; rather, it will rely on a network of nonprofit organizations to develop and realize its goals using government funds. But for these initiatives to succeed, the nonprofits must be able to operate within the District. Otherwise, the government will not have the tools necessary to see its plans carried to fruition.

5. Steps Going Forward

Nonprofits recognize the benefits to their clients when they are able to continue living in their gentrifying communities. The new investment into these neighborhoods provide jobs, lessen crime, and increase access to essential services like grocery stores and banks. That is why the nonprofit sector places a great emphasis on the need for the D.C. government to provide more affordable housing in gentrifying parts of the city, both through the preservation of existing housing stock and the construction of new units. Nonprofits also are calling on the D.C. government to fund more training and job readiness programs so that low-income residents can take full advantage of the opportunities that come with the economic growth.

But for D.C. to remain a vibrant community with room for all its citizens regardless of background or income, the city must rely upon a community of nonprofits that provide assistance to those in need. Those needs include food, medical care, housing, mental health services, protection against domestic violence, substance abuse treatment, job training, legal assistance, after school and day care services, immigrant assistance, and cultural opportunities.

However, the varied and well-developed nonprofit infrastructure the District enjoys is not a given. Many cities and regions in the country do not enjoy the same level of nonprofit support found in D.C. While the economic and demographic shifts occurring in D.C. provide opportunities for nonprofits, both in terms of volunteer engagement and financial support, the changes also can threaten the existence of many of these organizations. The influx of affluent young people into the District has driven up rents, displaced clients, and sometimes caused conflict with neighborhood nonprofit organizations.

At the same time, funders have not always recognized the challenges nonprofits face as a result of the District's changing demographics. For some nonprofits, such as medical clinics, proximity is not essential since their clients will travel to access their services. But for others, such as day care services and after-school programs, being close to their client population is critical. These nonprofits feel that staying close to downtown D.C. or being near a Metro stop is important so their clients can more easily access their services. But such proximity comes at a significant cost, particularly for nonprofits that lease their premises, and funders may not be fully cognizant of that cost when providing financial support to their grantees.

In addition, while the District government has contracted with many nonprofits to provide essential services for low-income residents, it has not always recognized how much assistance the nonprofits need to fund their overhead costs. For example, if a nonprofit starts an after-school program, the District sometimes funds the salaries of the teachers and other direct costs of running the program, but does not always fund the costs of keeping the nonprofit's doors open—computer systems, software, insurance, accounting fees, the salaries of and benefits for support staff, fundraising costs, and numerous other expenses the nonprofit must meet just to stay in business.

Therefore, going forward, the nonprofit community should develop a plan for meeting the challenges of gentrification, which could include the following strategies:

- A. Meeting regularly to discuss best practices in dealing with the issues raised by gentrification.
- B. Educating the public about the value provided by local nonprofit organizations not only in terms of the number of jobs and the amount of spending they add to the District's economy, and also the critical role nonprofits play in making the District a safer and more just society. The goal is to create more support for nonprofits within the communities in which they operate.
- C. Working with the local government to increase support for nonprofits outside of the provision of direct services. This support could take many forms—providing funds for general operating support in all local government grants and contracts, similar to what the federal government now provides; funding planning grants, as well as moving expenses, for nonprofits that need to relocate; and incorporating nonprofit space in planned developments in the same way that retail space and affordable housing are incorporated as elements in such plans.

Nonprofits are an essential part of the community. Too often the community takes them for granted by assuming the nonprofits will always be there to help those in need. However, maintaining a strong nonprofit community requires intentional thought and effort. One of the many challenges created by the gentrification of Washington, D.C., is that the community as a whole must take steps to ensure that nonprofits can continue to thrive despite the many changes taking place. The nonprofit community must take the lead in educating the District government, the funding community and the general public about these needs.