

RACIAL WEALTH GAPS IN THE DISTRICT OF COLUMBIA

**Statement of
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before the

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Council of the District of Columbia**

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* The views expressed are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

I thank Peter Tatian for helpful comments in preparing this testimony.

Chairman McDuffie and members of the Council, thank you for the opportunity to provide testimony on the racial wealth gap in the District of Columbia. My name is Leah Hendey, and I am a principal research associate at the Urban Institute. The views expressed here are my own and should not be attributed to any organization I am affiliated with, their trustees, or their funders.

From its formation, the US's economic system was built on the exploitation of people of color, particularly Black people, and others of limited economic or political means. The system was designed to create and maintain the wealth of white people. Much of the wealth was generated by the labor of enslaved and free Black people. Wealth creation was also limited, or even extracted, from free Black people in the District of Columbia. For example, Black codes, enacted by the congressionally appointed District government, required free Black people to pay bonds to the city, sometimes as much as \$1,000 in the 1830s, or required them to pay taxes but forbid attendance at public schools, which meant free Black people had to pay again to build and run private schools.¹

My former colleague Dr. Kilolo Kijakazi has summarized well in previous testimony before the Council² that these and other government policies and practices, spanning the distant past to today, have directly contributed to the wealth gap between Black people and white people in this region. Dr. Kijakazi and her collaborators documented in their well-cited report, *The Color of Wealth in the Nation's Capital*, that in 2014 in the Washington, DC, metropolitan area, on average, white households had 81 times the net worth of Black households. And a typical white head of household with no more than a high school degree still had twice the net worth of a Black head of household with a graduate degree.

Structural racism—including exclusionary zoning policies, practices like lending discrimination and subprime lending, and disinvestment in communities—has resulted in less housing wealth for Black people and communities in DC. In 2020, the aggregate assessed value of single-family homes or condominium units in the 51 DC census tracts where Black people made up 75 percent of the population was half the value of homes in the 16 tracts where white people made up 75 percent of the population. The average home or condo in a census tract with predominantly Black residents was less than a third of the value of the property in a tract with predominantly white residents.³ In addition, homeownership is largely inaccessible to many Black households in DC. A Black household with average income buying a home for the first time could have afforded only 7 percent of homes sold between 2016 and 2022, while a white first-time homebuyer household with average income could have afforded 67 percent of homes.⁴

¹ Howard Gillette, Jr., *Between Justice and Beauty: Race, Planning, and the Failure of Urban Policy in Washington, DC* (Philadelphia: University of Pennsylvania Press, 2006). Also see Kilolo Kijakazi, Rachel Marie Brooks Atkins, Mark Paul, Anne E. Price, Darrick Hamilton, and William A. Darity Jr., *The Color of Wealth in the Nation's Capital* (Washington, DC: Urban Institute, 2016).

² Kilolo Kijakazi, "Historical Context of Racial Inequity in Washington, DC," testimony before the Council of the District of Columbia Committee on Government Operations, April 25, 2019, <https://www.urban.org/research/publication/historical-context-racial-inequity-washington-dc>.

³ Based on the author's calculations of data from the DC Office of Tax and Revenue and the 2020 decennial Census.

⁴ Average income was \$74,240 for Black households and \$195,681 for white households. Statistics are based on Urban Institute calculations using data from the DC Office of Tax and Revenue and the US Census Bureau's American Community Survey 5-year estimates for 2017–21.

These outcomes were not accidental. This country and the District of Columbia used public policy to strip wealth and create barriers to building wealth and, therefore, to having wealth to transfer to future generations. It is appropriate for the proposed task force to systematically document these policies and practices in order to educate the public and recommend needed policy change and compensation.

Thank you for the opportunity to testify today.

Errata

This testimony was corrected on June 15, 2023. In the third paragraph on page 2, we corrected a typo regarding household net worth. The net worth of white households is 81 times the net worth of Black households.