

## ***The Changing Face of Takoma Park: Income Diversity 2000 to 2009***

Over the past decade, Takoma Park has changed from a community able to support families with a range of incomes to one with higher property values, a larger number of higher-income families, and a smaller number of middle income families.

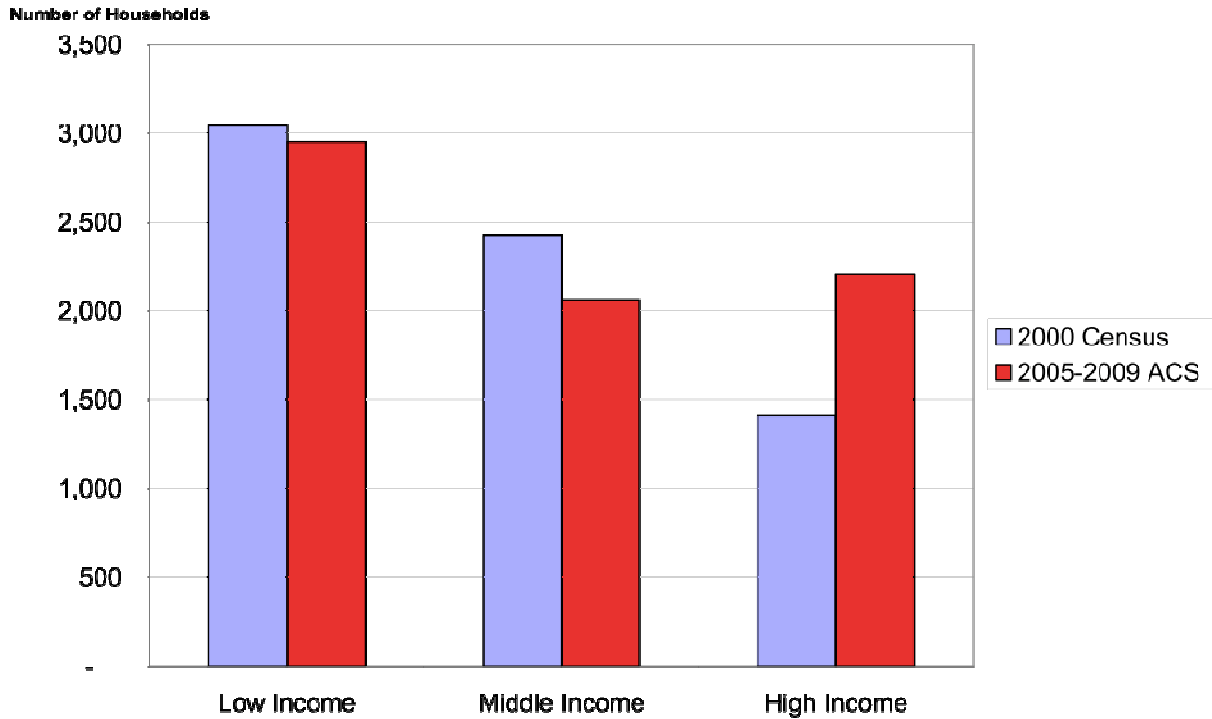
Evidence of this trend is seen by comparing two sets of Census data – the 2000 Decennial Census and the 2005-2009 American Community Survey. The Decennial Census is the count of all Americans conducted every ten years, while the American Community Survey is a smaller survey taken every year of a sample of U.S. residents. By combining several years of data, the American Community Survey shows the incomes of residents of communities like Takoma Park as accurately as the larger Decennial Census.

In the 2000 Decennial Census, median household income in Takoma Park was \$48,490. By the time income data were collected for the 2005-2009 American Community Survey, median household income in Takoma Park had risen to \$68,327, even after adjusting for inflation – an increase of over 40 percent in just a few years. (Median income is the income in the middle when all household incomes are listed from highest to lowest. Medians are less likely than averages to be distorted by a few households with very high incomes.)

### **Growing Income Gap**

Even more telling is what happened to the distribution of income in Takoma Park between these two surveys. For example, compare Takoma Park incomes to area median household income, in this case, the area median income for the Washington, DC metropolitan area. In the 2000 Decennial Census, Takoma Park had approximately 3,000 lower-income households, (defined here as households with incomes less than 80 percent of the area median income) 2,400 middle-income households (with incomes between 80 percent and 120 percent of the area median income), and 1,400 higher-income households (with incomes above 120 percent of the area median income), as seen in the chart below.

## Takoma Park Income, 2000 Census and 2005-2009 American Community Survey



*Note: these figures were extrapolated from the census data consistent with the method described here: <http://www.hud.gov/offices/cpd/systems/census/lowmod/calculation.cfm>.*

By the time income data was collected for the 2005-2009 American Community Survey, Takoma Park incomes had shifted dramatically. While the number of lower-income households was about the same as it had been in the 2000 Census, the number of middle-income households had fallen about 15 percent to slightly more than 2,000 and the number of higher-income households shot up more than 50 percent to about 2,200. The number of households in the higher-income group now outnumbers households in the middle-income group.

### Increased Cost of Homeownership

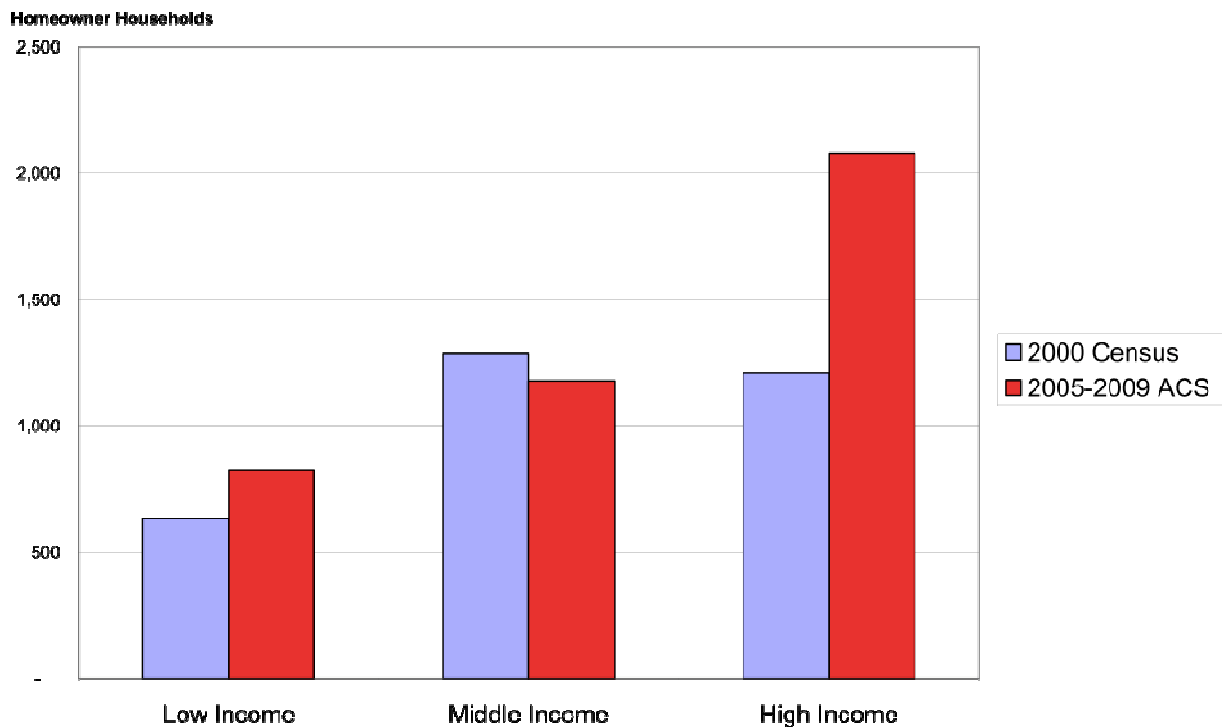
Why such a dramatic shift in the distribution of incomes in less than ten years? At least part of the answer lies in the sharp increase in home prices during that time. The median price of a Takoma Park single family detached home more than doubled from \$194,200 in 2000 to \$416,000 by 2008 a year after the peak of the housing market bubble.

Between the two surveys, nearly all change in median household income occurred among homeowner households. After adjusting for inflation, the median income for renter households in Takoma Park did not change significantly from the 2000 Census to the 2005-2009 American Community Survey. Inflation-adjusted median income for

homeowner households in Takoma Park, however, rose 23 percent during this period of time, from \$102,683 in the 2000 Census to \$126,500 in the 2005-2009 American Community Survey.

The distribution of income among homeowner households also changed between the two surveys. The chart below shows the number of homeowner households in each income bracket in the 2000 Census and in the 2005-2009 American Community Survey. (Incomes are adjusted for inflation.) The chart shows that the greatest increase in the number of homeowner households was in the highest income brackets.

**Homeowners' Income Distribution, 2000 Census and 2005-2009 American Community Survey**



If these trends continue, Takoma Park risks becoming a community of two extremes – lower-income families living in rental housing and higher-income families living in increasingly expensive homeowner-occupied homes, with fewer and fewer families in the middle.

Do you think these trends are concerning? Should the Takoma Park community take steps to preserve or create homeownership opportunities for low and middle-income households? Please join CHEER at an upcoming “Idea Jam” to discuss your reactions to this article. CHEER (Community Health and Empowerment through Education and



Research) is a local nonprofit organization with the mission to provide people with the knowledge and ability to create healthy, thriving communities. The Idea Jam will take place on Thursday November 17, 2011 at 7:30 pm in the Lilac Room of the Takoma Park Community Center, 7500 Maple Avenue.