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Abstract

A mixed-income development can be defined as a complex with housing and other amenities such as parks, schools and community centers that has the mixing of income groups as a fundamental part of its financial and operating plan. Mixed-income development is a housing policy that has been implemented in the U.S. and around the world to deconcentrate poverty, particularly in public housing developments. Mixed-income development engages private real estate developers to produce public housing and thus exemplifies the shift in the 1990s to a neoliberal approach to urban development and other social services. Mixed-income development has proven to be an extremely complex endeavor that has successfully promoted physical transformation and neighborhood revitalization but has failed to achieve social cohesion and integration or economic mobility for low-income residents.

Keywords

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Concentrated poverty has long been associated with an increase in social problems such as crime and delinquency, violence, unemployment, and poor outcomes for children. Public housing developments have become the sites of some of the most concentrated and persistent poverty in cities. Mixed-income development is one of two major policies that have been implemented in the U.S. to deconcentrate poverty. The other approach is to disperse public housing residents into private housing in other neighborhoods with housing choice vouchers, formerly known as Section 8. As opposed to that people-based strategy, mixed-income development is a place-based approach that involves demolishing public housing units and rebuilding economically diverse housing complexes in their place (Chaskin and Joseph 2015). Mixed-income development engages private real estate developers to produce public housing and thus exemplifies the shift in the 1990s to a neoliberal approach to urban development and other social services.

Mixed-income development definition

Drawing on Brophy and Smith's (1997) definition of mixed-income housing, a *mixed-income development* can be defined as a complex with housing and other amenities such as parks, schools and community centers that has the mixing of income groups as a fundamental part of its financial and operating plan. The intentionality of generating and sustaining an income mix is central to the definition. Also distinctive is the existence of a single development partnership entity that has responsibility for the financing, design, construction, management, resident services, and financial sustainability of the housing complex. This form of development is also referred to as *mixed-finance* development due to the mix of public and private funding that is require to finance the real estate projects. Other related concepts include *mixed-income neighborhood* and *mixed-income community*, often used interchangeably, which can be defined as a geographic area with residents of different income levels in which, unlike a mixed-income development, the income mix is often the result of more organic economic and demographic dynamics.

When deployed as a mode of public housing transformation, mixed-income development involves the relocation of all residents off of an existing site (or phased re-location around areas of the existing site), the demolition of the original housing and the construction of a brand new development with some units set aside for public housing residents, some units priced "affordably" using subsidies, and some units available at market rates. In neighborhoods where there is a market demand for homeownership, the developments can incorporate for-sale as well as rental units. This is referred to as *mixed-tenure* development. Often a new urbanism design, with features such as front porches, shared public space, and high walkability, is followed to promote a sense of community and shared responsibility for safety and neighborly behavior. Many developments incorporate other amenities such as pools, recreation centers, and technology centers and there are often investments in improvements to the local schools, parks, and retail centers.

Theoretical propositions behind mixed-income development as an anti-poverty approach

A fundamental goal of mixed-income development is to leverage the construction of market-rate units to produce high-quality subsidized housing for low-income households. But the theorized benefits to the urban poor of living in a mixed-income development go far beyond simply living in better housing. Joseph and his colleagues (2007) identified four theoretical propositions about mixed-income development as an antipoverty approach. First, there is a *social* *capital* argument that integrating public housing residents into economically diverse developments may connect them to the relational networks, and thus the information and resources, of their new, higher-income neighbors. Second, the presence of higher-income residents may promote more effective *informal social control* and thus greater safety and order. Third, higher-income residents may serve as *role models* and through a process of *social learning* influence the modification of aspirations and behavior among those who have been segregated in high poverty neighborhoods. Finally, consideration of the *political economy of place* suggests that the presence of higher-income residents can attract greater local investment and more responsive public and private services and amenities. It should be noted that the first three propositions are framed by an essentially deficit-oriented, pejorative view of the urban poor that ascribes to an individual-level explanation of persistent poverty. The fourth proposition acknowledges that there are also important structural causes of poverty while relying on an individual-level solution through greater political and market demand by those with money and influence.

History of mixed-income housing policy in the U.S.

In the 1970s, the Massachusetts Housing Finance Authority was one of the first local government agencies in the country to explicitly encourage and incentive local housing authorities to create mixed-income multifamily housing. In the 1980s and early 1990s the government in Montgomery County, Maryland used inclusionary zoning laws to promote the development of several mixed-income housing sites. Also in the 1980s, private developers began to partner with housing authorities to undertake some high profile physical transformations of public housing into mixed-income developments.

In 1989 the US Congress established the National Commission on Severely Distressed Public Housing to investigate the condition of public housing in the US and recommend an action plan. The Commission found that 86,000 units, about 6 percent of the total public housing stock at the time, were “severely distressed” in terms of physical deterioration, household conditions, crime rates, vacancy rates and low rent collection. Among other policy changes, the Commission recommended income mixing within the developments in order to decrease the high concentrations of extremely poor households. In 1990 the Mixed-Income New Communities Strategy demonstration program (MINCS) was launched by the Department of Housing and Urban Development to pilot a mixed-income transformation approach.

In 1992 Congress allocated $300 million to fund the planning and early implementation of what came to be known as HOPE VI (Cisneros and Engdahl 2009; Popkin et al. 2004). The federal commitment to poverty deconcentration through mixed-income development was made explicit in the 1996 congressional appropriations bill, which stated that HOPE VI funds should be used to build or provide replacement housing that would avoid or lessen the concentration of very low-income families. Several changes to federal policy were enacted to foster the use of federal funds to leverage private sector funding to produce what came to be referred to as mixed-finance projects.

Over the course of the HOPE VI program, 261 revitalization grants totaling approximately $6 billion were awarded resulting as of 2014 in 75,896 households have been relocated, 98,639 public housing units demolished, and 74,223 subsidized rental units rehabilitated or newly constructed. (HUD 2014). While commended for the successful physical transformation of public housing sites and for evidence of improvements to the broader neighborhoods in terms of lower crime and increased investment, the HOPE VI program has been widely criticized for reducing the number of affordable housing units, problems in relocating families, delays in constructing new units, and low rates of return of original public housing residents to the new mixed-income developments.

In 2010, the Obama Administration phased out HOPE VI and replaced it with the Choice Neighborhoods Initiative (CNI), which promotes the redevelopment of the public housing site *and* the surrounding neighborhood, prioritizes more replacement housing for relocated households, and makes complementary investments in issues such as workforce development, education and transportation. As of 2015, HUD had allocated 63 Choice Planning grants of up to $500,000 and 18 Choice Implementation grants of up to $30 million dollars (HUD, 2016).

In addition to these federal initiatives, a few cities have implemented large-scale efforts to desegregate their public housing stock through mixed-income development including Atlanta, which has replaced its entire family public housing development, Chicago where the 25,000 public housing replacement units to be created through the “Plan for Transformation” make it the largest mixed-income redevelopment effort in the U.S. and San Francisco where the HOPE SF initiative launched with the ambitious goal of a 100 percent return rate of the original public housing residents. The National Initiative on Mixed-Income Communities has cataloged information on over 300 mixed-income developments in 146 cities across the U.S. involving over 100 private developers (National Initiative on Mixed-Income Communities Database, 2016).

Mixed-income development is an approach to poverty deconcentration that is being deployed across the globe. Countries such as Australia, Canada, the Netherlands, the United Kingdom, France, Germany, Sweden, and Finland have implemented social mix strategies.

Defining success in mixed-income development

One challenge to assessing the effectiveness of mixed-income development is the absence of clear, broadly-accepted goals for the strategy. Based on hundreds of interviews with professionals and residents involved in mixed-income developments in several cities, Mark Joseph has developed the following five-part success framework for mixed-income development to guide policymakers and practitioners:

1) Creating and sustaining *mixed-income occupancy* of the new development.

2) Improving the *quality of life* for residents of the new development through improved housing, safer neighborhoods and more community amenities.

3) Promoting *social cohesion* among residents of the new development and of the surrounding neighborhood.

4) Promoting *economic mobility* among the low-income residents of the new development.

5) Generating physical and economic *revitalization of the broader neighborhood*, without displacing existing residents.

These success measures can be used to both plan future mixed-income developments and assess the outcomes of existing developments.

Positive outcomes of mixed-income development

Research has documented several positive outcomes of mixed-income development projects (Chaskin and Joseph 2015; Fraser, Oakley and Levy 2013; Levy, McDade, and Bertumen 2013). Deteriorated public housing developments have been successfully transformed into attractive complexes with market-rate and subsidized units that are often largely indistinguishable from the outside. The physical transformation is often accompanied by a marked decrease in crime. Low-income households who are able to return to live in a mixed-income development report a greater sense of peace and stability and less stress caused by their physical surroundings. Mixed-income development has been associated with physical and economic revitalization in the surrounding neighborhood.

Shortcomings of mixed-income development

While there are some important benefits of mixed-income development, the approach has numerous shortcomings, especially with regard to its primary stated objective which is to integrate low-income households into the economic and social mainstream (Chaskin and Joseph 2015; Fraser, Oakley and Levy 2013; Levy, McDade, and Bertumen 2013).

Mixed-income transformation has resulted in the loss of affordable housing units for the most vulnerable households. For example, over the 18 years of the HOPE VI program, 98,639 subsidized rental units were demolished nationally and replaced by only 74,223 rental units (HUD 2014).

Relocation challenges, eligibility criteria, screening and other factors have led to extremely low rates of return of original public housing residents to the new developments. Studies report average return rates across developments of five to twenty percent (Buron et al. 2002; Comey 2007) and, as of 2014, across the HOPE VI developments the re-occupancy rate was 26 percent (HUD 2014).

Mixed-income redevelopment is an exceedingly complex and difficult endeavor to plan, design, finance, execute, and sustain. Challenges include political resistance, balancing often conflicting market goals and social goals, compiling multiple layers of public and private financing, forming and managing multi-actor public-private partnerships, as well as operational complexities such establishing and maintaining a certain income mix and engaging and stabilizing households with deep social challenges.

There have been disappointing results for low-income residents in terms of effective re-integration into the economic and social mainstream. Despite living in a mixed-income environment, former public housing residents are often still living in a state of personal deprivation (Levy, McDade, and Bertumen 2013). The social realities in the new mixed-income developments have tended to reproduce the marginalization and stigmatization by race and class rather than generate more inclusive environments of social connection and mutual exchange, a phenomenon Chaskin and Joseph (2015) have called *incorporation exclusion*. Numerous obstacles stand in the way of building cross-race and cross-class ties, including lifestyle, behavioral and cultural differences, segregated physical designs, and life-stage differences such as whether or not there are children in the household. Resident associations and other participatory mechanisms in the mixed-income developments and their surrounding neighborhoods tend to be exclusionary rather than inclusionary. Stigmatized, unequal treatment by other residents and by development staff and a predilection for formal control methods (security cameras and zero-tolerance policing) as opposed to informal community control have also worked against social inclusion. These social challenges are complicated by racial dynamics and by the enduring salience of an urban underclass narrative in which African Americans are viewed as the undeserving poor, victims of their own behavioral shortcomings and content with their dependence on handouts from the state.

Strengthening mixed-income development practice and policy

Based on existing research, several recommendations have been proposed for strengthening mixed-income development practice and policy (Chaskin and Joseph 2015; Fraser, Oakley and Levy 2013). Achieving stronger consensus around goals, strategies and roles is critical. Establishing and maintaining a strong multiyear local public-private collaboration requires extremely strong and competent local leadership and management within local government, in the development partnership, and among community-based partners.

The “optimal” proportions of social mix will vary depending on several factors at each development including the size of the development, available financing streams, the existing socioeconomic mix and market conditions in the local neighborhood and the skills and commitment to “managing inclusion” of the developer and particularly the property management team. Designers should mitigate the extreme socioeconomic distance often present between owners and renters in market-rate units and renters in subsidized units by incorporating units and housing types along a continuum of income levels.

The extent of residential integration—within buildings or among buildings—should take into consideration the expertise and capacity of the designated property management for successfully supporting a socioeconomically diverse environment. Besides the residential configuration, it is also important to incorporate some places within the development—lobby areas, meeting rooms, parks, recreation centers, technology centers, commercial establishments, schools—where residents can encounter one another in routine, comfortable ways when they are not in their homes or away from the development, as well as areas for youth to play.

To promote more successful relocation and higher rates of return there should be stronger relocation counseling, better information and more time for household decision-making. Units intended for public housing relocatees in the new development should be of an adequate bedroom size to match the relocated population. Phased relocation on site is a proven means of increasing return rates by avoiding dispersing residents to other areas of the city. A strong resident relocation rights agreement should specify the parameters for return including protections against overly stringent or arbitrary screening procedures and a clear and transparent process for appeals. Early and consistent engagement with relocating households is critical with targeted support to help address those issues which could prevent the household from returning to the development – such as unpaid rent, non-leaseholders in the unit, criminal background and other issues that cause instability in the household such as substance abuse.

Development teams and their social service partners must be prepared for the severe personal and family issues significant proportions of public housing residents struggle with. Social services should range from less intensive but ongoing support (for example including employment readiness and placement and financial management) to more intensive case management, counseling, and wraparound services.

While some investments must be directed at household stabilization, there should also be long-term investments in promoting self-sufficiency and economic mobility among public housing residents and other low-income renters. This would include educational advancement, vocational training, soft skills training and more intensive workforce engagement strategies such as transitional employment at local employers. Community benefits agreements with companies involved in the redevelopment could be combined with training programs geared to the jobs that will be created. Asset-building strategies such as financial counseling services and individual development accounts should also be adapted to mixed-income developments.

Preventing the emergence of challenging social dynamics among residents of such different socioeconomic backgrounds requires early and consistent attention and a deliberate strategy. First and foremost, a greater degree of transparency is needed during the marketing and recruitment process about the socioeconomic mix and the community engagement and neighboring that will be required to make the community successful. A clear and inclusive process should be implemented for establishing norms and expectations among residents. The objective is to collectively establish community norms that protect order, safety and the upkeep of the housing complex without overly restricting individual freedom and access to public space and without punitive responses directed disproportionately on the poor. Given the key role of property managers in monitoring residents' behavior, they should receive intensive training and capacity building in this regard. While many residents will not be interested in forming deep social bonds with their neighbors, most will likely see the value of working towards "effective neighboring" where residents know their neighbors by name, keep an eye on each other's homes, and have established enough familiarity and comfort to be able to constructively work through any conflicts that emerge. Positive youth engagement should include more intentional mentoring and outreach by adult members of the community, more opportunity for constructive activities, and in particular more opportunities for youth to be positioned as leaders in intergenerational and youth-focused activities.

Attention is needed to promote opportunities for engagement and deliberation among residents across incomes and housing tenures. New mechanisms might be created for this kind of dialogue and existing forums could also be encouraged to become more inclusive. This requires not only ensuring marginalized groups' meaningful representation and participation in such forums but also attention to building capacity to help low-income residents advocate for themselves and to help professionals and higher-income residents engage effectively where there is significant income and racial diversity.

An overarching implication of existing research is that mixed-income development is far from a silver bullet and must be complemented with other anti-poverty strategies to facilitate a path toward self-sufficiency and social and economic mobility for low-income residents. Even an enhanced mixed-income approach cannot overcome the broader structural factors that create and reproduce urban poverty such as inequalities in access to quality education, the absence of living-wage employment for those with limited education and skills, and disproportionate incarceration rates. Mixed-income development should be seen as a necessary but insufficient platform upon which other self-sufficiency efforts must be built.

Cross-References

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