Reassessing Market-Rate Residents’ Role in Mixed-Income Developments

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Kristen, a white woman in her mid-40s, works as a paralegal for an anti-discrimination law firm and lives with her daughter and longtime boyfriend. Diya is a South Asian woman in her late 30s; she stays at home to take care of her son, while her husband works for a tech company a few miles from their apartment. Tom works in tech, too; he’s a white man in his early 30s, recently married, and shopping for a home to buy. All three have household incomes well above the median for the parts of northern California where they live, and all three have chosen to rent market-rate units in mixed-income developments. As prospective tenants, they were each told that their developments would include a substantial number of subsidized renters, and they still chose—without any remembered reluctance—to move in. Unlike their lower-income neighbors, they all make enough to live at many other places close by. From my interviews with these residents, it is clear that their reasons for moving to mixed-income sites varied: convenience to work, access to good schools, reasonable price, proximity to friends and family. But, while they express no qualms about the mixed-income model, they haven’t reflected much on their own role at the sites and the benefits it offers to them. “I haven’t really thought of that.” “I haven’t noticed anything.” “Um, good question…”

What role do residents of market-rate units play in mixed-income developments? One of the challenges in answering that question is that the category “market-rate resident” conveys as much as it conceals. Used uncritically, the phrase becomes a stereotype, a stand-in as misleading as the pejorative terms too often associated with poor people, particularly poor people of color. In reality, the characteristics of “market-rate residents” vary widely, depending in large part on the development in question and its immediate surroundings. An ethno-racially homogenous area might attract market-rate residents whose background closely mirrors that of subsidized residents, while a heterogeneous area or a recently redeveloped one might be home to greater diversity. A tight housing market might drive up costs, making market-rate residents high-income by any standard, whereas a loose market might mean that market-rate residents earn as much as subsidized households do in another area. A development in close proximity to a high-quality school might attract market-rate residents with children, whereas one located near a university might attract college students or young faculty without them. There is no doubt that all of these axes of difference—race, ethnicity, class, family status, and many more—matter in how market-rate residents make their lives at the vast range of mixed-income developments across the

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1 To protect anonymity, names are pseudonyms and some identifying features have been altered.
United States.2 But the wide range of market-rate residents does not imply that the category is meaningless: the mixed-income model was designed and developed with the hope that market-rate residents, regardless of their other characteristics, could play an influential social and structural role in the lives of their lower-income neighbors.

Surprisingly, then, since the start of the federal HOPE VI Program over 25 years ago and the spread of the mixed-income model up through today’s Choice Neighborhoods Initiative, policymakers, practitioners, and researchers have devoted relatively little attention to those who can afford market-rate units. Instead, they have focused on the promise and practice of class desegregation for residents of subsidized units, justifying the creation of mixed-income developments on the purported benefits for those with low or no incomes and studying the sites primarily to discern their impact on reducing poverty and racist exclusion.3 In the few direct examinations of market-rate residents that do exist, researchers have emphasized the outsized expectations placed on them: they are expected to be role models, job sources, and agents of social control for their lower-income neighbors, while providing higher rent payments that cross-subsidize the affordable units and social, economic, and political capital to support organizations, institutions, and business in the surrounding neighborhood.4 Few, if any, market-rate residents fully match this ideal. In fact, in many cases, market-rate residents, rather than their low-income neighbors, have become the primary beneficiaries of the sites’ social and structural features. Empirical evidence suggests that market-rate residents are as likely to enforce stigmas and use their social connections, market power, and political influence to their advantage as to support and engage with their lower-income neighbors.5

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Is it a mistake, then, to position market-rate residents as central to the expected benefits of mixed-income developments? In this brief essay, I disaggregate the many expected and actual roles of market-rate residents in mixed-income communities in order to reframe the broader value of mixed-income development as a strategy. On a smaller scale, my aim is to emphasize that desegregation is a relational concept, one that demands that market-rate residents get at least as much normative and empirical scrutiny as poor people have faced. In short, I argue that by better understanding market-rate residents and their perspectives, motivations, and biases, we—policymakers, researchers, and members of the public—can better grasp the structural value of mixed-income developments and reevaluate their social goals. First, I flip the traditional focus of the mixed-income housing literature and frame the developments in terms of the role that market-rate residents are expected to play at the sites. Next, I synthesize empirical findings about how market-rate residents actually play out their roles at mixed-income developments. Finally, I draw out the effects of making market-rate residents such a singular source of mixed-income success. I conclude with suggestions for practitioners, policymakers, researchers, and residents of mixed-income developments.

Expectations

What role are market-rate residents expected to play at mixed-income sites? Socially, people who can afford market-rate rents and home prices have been framed, in theory if not in practice, as necessary to help ameliorate the myriad harms poor people experience as the result of living in areas of concentrated poverty. In Wilson’s canonical account, poor people, particularly poor black people, are forced to live in neighborhoods marked by a surfeit of crime and a lack of well-paying jobs and role models of social norms around school-going, job-seeking, and stable relationships. These problems are particularly potent for residents of public housing developments, who have long been among the most isolated and impoverished poor people. Thus, the hope is that in a class-desegregated setting—which, because of longstanding

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6 Editor’s note: All references in this essay to black/African-American, white, or Asian populations refer to non-Hispanic/Latinx individuals unless otherwise noted. We have recommended that essay authors use the term African American when they are referring specifically to descendants of enslaved people in the United States and the more inclusive term black when they are referring broadly to members of the African diaspora including African Americans, Caribbean Americans, and Africans. In this way, we seek to acknowledge the unique history and experience of descendants of enslaved people in the U.S. and also the diversity of backgrounds within the larger black community.


racial disparities in wealth, might lead to racial desegregation as well—market-rate residents would provide social control, share their job networks, and act as role models for their neighbors living in subsidized units.9

In other words, because they can afford market-rate prices, market-rate residents are endowed with a whole range of additional, presumptively positive characteristics. To see the centrality of market-rate residents to mixed-income developments, it is worth disaggregating their expected characteristics, even if few policymakers, practitioners, or researchers would expect any single resident to contain all or even most of them. First, market-rate residents are presumed to be law-abiding and rule-following; their positive impact on social control at the sites is premised on their ability to embody “mainstream” or “middle-class” norms around job-going, school attendance, and neighborhood monitoring. Second, market-rate residents are expected to form bridging and bonding relationships with their lower-income neighbors.10 By virtue of geographic proximity, market-rate residents are expected to befriend subsidized residents and share with them life skills and job contacts.11 Third, there is an assumption that market-rate residents will be part of networks with ample job opportunities well-suited to their subsidized neighbors’ skills. Although Wilson insisted that cross-class networking be paired with “the creation of macroeconomic policy designed to promote…a tight labor market” if poor people are to find well-paying jobs,12 mixed-income developments have been constructed without a macro-level push to create economic opportunities for poor people. As such, they are implicitly premised on the notion that jobs are there if only wealthier people tell poor people where to find them and how to land and keep them. Fourth, market-rate residents are expected to influence, but not be influenced by, their neighbors in subsidized units. Put another way, there is an assumption that any social effects at mixed-income sites will be unidirectional, with residents of market-rate transferring social capital to their neighbors in subsidized units but not the other way around.13 And, relatedly, market-rate residents are assumed to be content with receiving no tangible advantages from living at the sites other than a prime location at an attractive price. Indeed, the


12 Wilson, The Truly Disadvantaged., 151.

idea that residents of subsidized units might share skills, provide networks, or exert other influences, “positive” or not, on the residents of market-rate units is largely unconsidered.

Structurally, market-rate residents are expected to provide social, political, and economic capital to keep mixed-income developments and the neighborhoods that surround them stable and sustainable. Again, Wilson provides the prototypical story of communities that lost middle and working-class residents: “The increasing exodus of [higher-income] families made it more difficult to sustain the basic institutions in these neighborhoods (including churches, stores, schools, recreational facilities, etc.) in the face of increased joblessness caused by the frequent recessions during the 1970s and early 1980s and changes in the urban job structure.”14 By returning or replacing these higher-income residents, the argument goes, the local economy and institutional ecosystem will be revived: Market-rate residents will provide a higher tax base, so that schools can be better funded; they will offer existing businesses a wealthier clientele, so that shops can stay afloat and hire more local workers, and help to attract new businesses to the area; and they will form a core constituency with the time and income to contribute to neighborhood organizations and institutions so they can provide services and promote political priorities.15

A similar logic applies to mixed-income developments constructed in already-affluent neighborhoods: Rather than having an influx of poor people lead to out-migration of wealthier households, mixed-income developments offer the opportunity for controlled class desegregation that minimizes the risk of local decline due to a decreased wealth base or, implicitly, racist flight by wealthier, white residents fearful of poorer people of color.16 On a smaller scale, there also is an expectation that market-rate residents will help to supplement shallow subsidies for their lower-income neighbors, stepping in to fill the gap of reduced funding from the local, state, and federal government.17

In short, market-rate residents are expected to be structural salves for their new neighborhoods. Again, a number of expectations are worth disaggregating. First, the mixed-income model is partly premised on the idea that an influx of higher-income residents will not

14 Wilson, The Truly Disadvantaged, 137.
result in the detrimental displacement of lower-income families. Mixed-income projects built on the sites of former public housing now strive to replace all of the subsidized units that are redeveloped, but even when original low-income residents are forced to move the hope is that they will use vouchers or other forms of subsidy to find other class-desegregated settings to live in. Second, market-rate residents are expected to value the same sorts of institutions, businesses, and organizations as their subsidized peers. In other words, it is assumed that a store where those with money to spare shop will also serve those struggling to get by. Relatedly, there is an assumption that market-rate and subsidized residents utilize their neighborhoods in the same ways, with both assumed to find most of their needs met in the areas immediately around their homes. Finally, there is an expectation that market-rate residents will see themselves as long-term and stable residents in the community, deeply engaged in the project of community uplift or maintenance. Put another way, while many advocates of subsidized housing expect residents to want social mobility—to move in, move out, and move up from subsidized units to market-rate homes—the hope is that market-rate residents will stay put. One potential benefit for market-rate residents, and one way to keep them around, is the possibility of building equity in a home, if the mixed-income development includes homeownership. Even here, however, the benefit can be seen as a risk: Market-rate residents might expect to build less equity at a site that includes a substantial number of low-income residents than they would in a market-based, class-sorted neighborhood. As in their social roles, then, market-rate residents are expected to invest substantially in the structural success of mixed-income developments and their surrounding without receiving much of a return.

**Evidence**

Do market-rate residents living in mixed-income developments meet these expectations? By and large, no. There is little evidence that market-rate residents form strong connections with their neighbors or provide them with job contacts. Although there is stronger support for successful social control at mixed-income sites, it is not clear that market-rate residents are

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directly responsible for the documented decreases in crime and increased feelings of subjective safety. Indeed, one of the more optimistic early accounts of the benefits of income mixing on social control comes from a study of Lake Parc Place, a 100% subsidized development in Chicago that mixed extremely low- and low-income residents and included a very vigilant private management company. In terms of indirect, structural interventions, the role of market-rate residents is mixed: Their presence is correlated with better-maintained sites and greater attention to services in the surrounding neighborhood, but displacement or exclusion of subsidized residents may play as much role as market-rate residents’ investments.

What, then, do market-rate residents do at mixed-income developments? Three clusters of empirical findings help create a more realistic image of their behavior. First, market-rate residents often receive better treatment than their subsidized neighbors. Although property managers played only a peripheral role in the expectations for mixed-income developments, they have turned out to be pivotal players in structuring social life at the sites. At many mixed-income developments, it is common for subsidized renters to face substantially stricter rules imposed by private management companies and, in sites with voucher holders and public housing residents, by the local housing authority. For example, the behavior, household upkeep, and family history of subsidized renters are routinely probed as part of the admissions process, while most applicants for market-rate units are subject only to a standard rental history. Furthermore, once at the site, subsidized renters regularly describe market-rate residents reporting them and management citing them, often for minor rules violations. Even when the rules are identical, as is the case at many Low-Income Housing Tax Credit (LIHTC) developments, and applied with relative parity, market-rate and subsidized residents face different risks: If rule enforcement becomes burdensome, market-rate renters can often afford to

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26 Vale, Purging the Poorest.
leave, whereas subsidized renters are constrained by their more limited housing options to comply.28

In structural terms too, market-rate renters often are treated better than their subsidized neighbors. Indeed, it is common for market-rate residents to pay below-market prices for their units because developers are determined to attract them to the sites.29 In weak markets, there even is cross-subsidization of market-rate rents by subsidized units, which often have access to state subsidies.30 In contrast, subsidized renters are subject to careful examination of their finances so that they do not pay less than they could or exceed income limits.31 And, increasingly, public housing residents are also subject to minimum rents, regardless of whether they have any income at all.32 Ironically, then, developments that are justified in terms of their benefits for the truly disadvantaged end up catering to the relatively privileged in practice.

Second, there is little evidence that market-rate residents regularly develop trusting, transformative relationships with their neighbors in subsidized units. This is true whether the mixed-income development is built on the site of former public housing, where subsidized renters might already have strong ties to each other,33 or is new construction, with a neighborhood formed from scratch34. In some cases, this failure is relatively benign: In my interviews with market-rate and subsidized renters, many specifically sought out a place where people “mind [their] own business” and keep to themselves. A strong and active community was seen as a disruption to the quiet of a self-contained home life, rather than desirable in itself. In other cases, the failure to form ties can be more intentionally antisocial: market-rate residents, without the buffer of physical distance from the poor, sometimes resort to social distancing, stereotyping and stigmatizing those they perceive to be subsidized renters. This discriminatory

31 Vale, Purging the Poorest.
behavior can be even more deleterious when there are racial differences at the site. In those cases, perceptions that all black residents are subsidized residents can lead to racial discrimination compounding class discrimination, making the sites particularly unwelcoming for poor people of color. Again, in practice, the sites may create harm for those they are designed to help.

This should not imply that relationships at mixed-income developments are always, or even often, antagonistic. In residential settings, the norm for tie formation has long been homophily: like attracts like. As such, it should come as no surprise that in mixed-income developments, as in neighborhoods mixed on other bases, so-called micro-segregation amongst those with different identities is common. In many cases, demographic differences between market-rate and subsidized renters mean that members of each have little leverage to form connections across class cleavages. For example, Graves describes a development in Boston where the market-rate population is made entirely of households without children; they struggle to foster ties with subsidized families, whose children many see as nuisances. In Seattle, Kleit describes a development filled with a diverse array of residents but with clear differences in ethno-racial background, education-level, marital status, family size, and languages spoken between the subsidized and market-rate populations. Additionally, at some sites, market-rate residents are clustered in units away from subsidized residents. In those cases, design politics reinforces micro-segregation.

Finally, market-rate residents often are on a much different capital trajectory than their subsidized neighbors. Although there is little research on why market-rate residents move to mixed-income developments, my own study of two sites in northern California suggests that market-rate residents rarely move to mixed-income developments with the intention of staying indefinitely or forming long-term ties. Whereas the subsidized renters I spoke with often felt

39 Kleit, “HOPE VI New Communities,” 1421.
40 Kleit, 1413–41.; Chaskin and Joseph, Integrating the Inner City.; Vale, Purging the Poorest.
stuck in place, particularly in Silicon Valley’s extremely tight rental market, nearly every market-rate renter I interviewed intended to move sooner rather than later.42 In fact, given the small price discount at the sites compared to other market-rate developments in the area, many saw the sites as places for saving up to move up. This precluded them from making the social and structural investments expected of them. But, although the hope for moving out may run contrary to the expectations of mixed-income boosters, it is in line with broader societal expectations: The American dream continues to include homeownership as an essential component. By falling in line with broader norms, market-rate residents are prevented from meeting the expectations for them at mixed-income developments.

In theory, then, mixed-income developments ought to try to attract residents who are committed to the model of social and structural uplift they are premised upon. Indeed, some suggest that developments that include a portion of condos or stand-alone for-sale units might attract residents seeking deeper investments.43 But the existing empirical evidence does not find that market-rate homeowners are any more likely to create strong ties to their neighbors or neighborhoods than market-rate renters.44 Even in those developments where homeownership options are available to market-rate residents, their ability to be mobile—to sell if the site becomes burdensome—means they are unlikely to engage in the community on equal terms with their neighbors in subsidized units, who often are locked in place by the dearth of affordable housing. When residents in a mixed-income community share a sense of “linked fate” because of a common race, the disjuncture between poorer and richer residents’ visions of their community can create class-based conflicts.45 There simply isn’t a strong set of motivations for market-rate residents to engage with their communities on equal terms with their subsidized neighbors. So, in practice, they continue to look out for their own interests instead of investing in the mixed-income model.

*Effects*


What is the effect of this mismatch between expectations and evidence? Mostly, it seems to be disappointment with the mixed-income model. But, once the focus is shifted from subsidized residents’ expected benefits to market-rate residents’ expected contributions, it becomes clear that there never was much chance that mixed-income developments would ameliorate the myriad problems facing people who live in areas of concentrated poverty. If more market-rate residents were attracted to the sites by a desire to advance the social and structural premises of the mixed-income model, perhaps the outcomes would be different. But, even then, there would be the risk of positioning market-rate residents as saviors of their neighbors or salves for the harms of concentrated poverty—replacing explicit prejudice with paternalism. For some, the lack of unqualified success at mixed-income developments has led beyond disappointment to disillusionment: They insist that the mixed-income model is simply a way for developers to earn profits, market-rate residents to gain access to gentrifying neighborhoods, and poor people to get displaced, with a few exceptions who manage to get by strict admissions standards.

As demonstrated above, this disappointment and disillusionment may be more the product of unrealistic expectations than irredeemable failure. Shifting scrutiny to market-rate residents can demonstrate empirically that poverty, inequality, and segregation are not properties that adhere to particular people or places, but relations: They implicate the relatively privileged as much as the truly disadvantaged and demand engagement and action across categories and classes. Still, it is notable that nearly all the residents I spoke with, across income categories, expressed enthusiasm for their mixed-income sites: They provided safe, stable, affordable housing. As one market-rate renter put it, the value of a mixed-income development is simply that “it helps people that need a place to live and keeps them in a decent neighborhood.” As DeFilippis notes, housing policy is too often about too much. The hope that a well-designed, well-maintained home can solve for a range of social and structural problems, from joblessness to racial prejudice to health disparities, may be too utopian. Perhaps, for mixed-income developments, providing affordable housing in a relatively desegregated setting should be seen as a strong enough start.


Implications for Action

Implications for Research and Evaluation.
Scholars need to expand empirical inquiries in a number of new directions:

- **Determinants of Development.** Most of the national data on the mixed-income model is descriptive, showing that the stock is large and varied. More work is needed to explain the reasons for this variation. More research also is needed to show how developments typically get funded and sited. These studies will help to show the conditions necessary to convince surrounding residents that mixed-income housing belongs in their neighborhoods. In other words, it might offer models for effecting class desegregation that supporters of the mixed-income model can subsequently take up.

- **Role of Market-Rate Residents.** Many questions about market-rate residents remain un-posed and unanswered. The narrow focus on the poor in urban sociology and housing policy is a perennial problem, but it is especially jarring in the mixed-income context, because market-rate residents are such an essential part of the model. We still don’t have detailed answers to many basic questions about these residents, such as: Why do they move to mixed-income developments? What are their expectations and intentions? How do they engage socially and economically with the mixed-income sites and surrounding neighborhoods? What are the economic, health, and social consequences for them of living in a class-desegregated setting?

Implications for Policy.
Policymakers should celebrate the mixed-income model as a success insofar as it builds affordable housing and as a continued challenge insofar as it doesn’t, on its own, create equitable communities.

- **Focus on Structural Success.** For politicians and policymakers, one way to address the disappointments of the mixed-income model is to emphasize their structural value. Given the perennial lack of affordable housing and the continuing patterns of segregation by class and race, the scale of the mixed-income model should be celebrated. Furthermore, it should be positioned, as it already is in the context of inclusionary zoning programs, as a way for areas that are attractive to market-rate development to also counteract the effects of economic segregation.

- **Address Social Disappointment.** At the same time, there is a need to seriously grapple with the social shortcomings of the sites. Since it is now clear that the mere fact of class desegregation won’t result in reduced inequality, policymakers should shift their

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focus to the potential for robust, inclusive integration. In other words, instead of seeing the sites as places where market-rate residents aid their subsidized neighbors, understanding them as intentional points of meeting—places where people share space across class cleavages—will help us promote and measure the sites’ social success in more nuanced ways.

**Implications for Development and Investment.**

For investors and developers, the focus must be on creating equity in both siting and site management decisions.

- **Equitable Siting.** There is a pressing need to economically integrate minority neighborhoods with high concentrations of poor people and, at the same time, a need to open up wealthier, whiter communities that have long excluded poor people of color by blocking the construction of affordable housing. Meeting market-rate residents where they already are and attracting them to areas they’ve long since left will require careful scrutiny of siting policies. Following California’s recent efforts to create a more equitable distribution of LIHTC-funded projects, investors and developers can take the lead in distributing their mixed-income projects across communities with a range of class and race compositions.

- **Equitable Policies.** For practitioners working at existing mixed-income developments, the changes needed are straightforward. Once the assumption that market-rate residents are symbols of social and structural success is discarded, it should be clear that all residents, regardless of income or race, ought to be treated with respect as valued and contributing members of the mixed-income community. At the sites, this means that market-rate and subsidized residents should have access to the same units, be subject to the same rules, have similar influence on site management, and receive the same treatment by development staff.

- **Equal Information.** Leasing agents ought to inform all prospective movers to the sites that they will be home to both market-rate and subsidized renters. Making residents aware of this feature from the outset might help dissuade the most discriminatory from applying, and it will also allow all residents the opportunity to ask questions, voice concerns, and express commitment before moving in—all factors that management might take into consideration when deciding whom to lease or sell to. In a loose housing market, this tactic risks reducing demand, but it also may attract residents who ultimately stay for longer tenures.

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Implications for Residents and Community Members. Residents of mixed-income developments and members of the surrounding neighborhoods should see mixed-income communities as an opportunity for greater intentionality about the potential impact of such diverse settings for collective self-governance. In order for the mixed-income model to generate high-quality, stable, safe affordable housing, neighbors need not build strong ties across their differences or create community. But they should see the decision *not* to strive for a more inclusive and engaged community as a choice, rather than an inevitable product of self-interest or social norms. Collective conversations about belonging, rulemaking, and site governance can help create spaces for shifts in perspective. In short, the work of building a desegregated, democratic site will require regular opportunities for connection and reflection among all residents, regardless of background.
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