



Seven Strategies to Advance Equity, Inclusion, and Resiliency in Mixed-Income Communities¹

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City living has become fashionable again. Across the United States, cities are welcoming new urban dwellers, primarily young professionals and retirees seeking easier and more environmentally friendly access to entertainment, recreation, and jobs. But as attention and resources flow back into urban areas and developers and the real estate market respond, existing populations – often low-income and poor – risk being ignored or displaced. To ensure that the new residential communities are affordable, sustainable, and designed for all, policymakers, planners, and developers must apply important lessons learned about building for equity, inclusion, and resiliency.

By themselves, neither the private nor the public sector has succeeded in creating sustainable, desirable, affordable housing and economically integrated neighborhoods. Together, however, the mixed-finance, mixed-income, public-private housing model now favored in federal policy, encourages market forces to supply affordable housing options, increase absorption rates in large planned developments, decrease the concentration of poverty, and revitalize urban neighborhoods. When located close to job centers, transit stations, schools, grocery stores, or services, mixed-income housing provides more than just another housing product: it creates sustainable communities and activates smart growth principles by reducing travel and congestion.

The inclusion of “resiliency” as a broad concept in such developments, is gaining urgency in the face of increasing forceful weather and environmental events that are destroying older affordable housing units and dispersing already-vulnerable residents. Resiliency in this context applies to the quality of reconstruction, the social and emotional capacity of vulnerable residents, including children, and the financing mechanisms that force responsiveness and protect investment.

The approach taken by our company, McCormack Baron Salazar, prioritizes equity and resiliency in mixed-finance, mixed-income development. Our approach emerged from lessons that span the deep past of public housing strategy up through present-day weather events. In this essay, we briefly revisit the history before sharing lessons from McCormack Baron Salazar’s (MBS) current approach, illustrated with examples of recent experiences.

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The History and Landscape of Housing Development

Many traditional urban neighborhoods that had housing types suitable for an array of incomes and family sizes, disappeared as the result of discriminatory policies of the mid-20th century that created the suburban White² middle class. People of color and immigrants were abandoned to increasingly unsafe housing situations in decaying city neighborhoods. One public policy response was to designate such tracts as blighted, and move residents to newly built public housing. But time has shown that those developments often were poorly designed, inadequately managed, and under-resourced, which only increased the racial and economic segregation, instability, and isolation (see box below).

A HISTORY OF SEGREGATION, INSTABILITY, AND ISOLATION IN PUBLIC HOUSING

The consequences of inadequate financing and concentrated poverty are apparent in developments like the Pruitt Homes and Igoe apartments in St. Louis. First occupied in 1954, the Pruitt-Igoe development encompassed 33 high-rise buildings and nearly 3,000 housing units that were racially segregated by design and were intended to include two-thirds middle-income and one-third public housing units. Living conditions began to decline immediately. The St. Louis Housing Authority, saddled with construction debt, could not cover maintenance with the income it received in rent. ‘White flight’ following public housing desegregation in 1955 exacerbated the problems of inadequate revenue, and left increased poverty, crime, and isolation. In a futile and cruel effort to compensate for their financial bind, the housing authority continued raising rents until residents were paying up to half of their incomes to live there. Ultimately, in 1969, renters throughout St. Louis joined together in a nine-month rent strike calling for, among other things, rents that were tied to income. The strike ended in victory – an important milestone in the struggle for tenants’ rights – but money was never made available for maintenance, and the quality of life at Pruitt-Igoe never improved. By 1976, Pruitt-Igoe was completely demolished.

The consequences of isolation and poor design can be seen in the history of developments like O’Fallon Place in St. Louis, where MBS is headquartered. O’Fallon Place is an old-style, crime-ridden, impoverished Section 8 development. The development’s original design has played a major role in its deficiencies. The barracks-style layout has closed streets, allowing only one way in and one way out. It is disconnected from the surrounding street grid, creating a monolithic superblock with pickets of indefensible (i.e., crime-permissive) space. Emergency vehicles have difficulty managing its narrow streets. Inside, the units include small, poorly designed rooms, outdated appliance hook-ups, poor ventilation that fosters mold, and physical barriers for people with disabilities.

² Editors’ Note: We have recommended that essay authors use the term “African American” when referring specifically to descendants of enslaved people in the United States and the more inclusive term “Black” when 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 United States and also the diversity of backgrounds within the larger Black community. After considerable deliberation, we have also recommended the capitalization of Black and White. Though both are labels for socially-constructed racial categories, we join organizations like Race Forward and the Center for the Study of Social Policy in recognizing Black as a culture to be respected with capitalization and White and Whiteness as a social privilege to be called out. All references in this essay to Black/African-American, White, or Asian populations refer to non-Hispanic/Latinx individuals unless otherwise noted.

In the early 1990s, as federal public housing programs struggled to shed their image as bleak, isolated, and crime-ridden, new approaches emerged that prioritized social and economic integration. The most distressed developments were targeted for demolition and replacement with a mixed-income approach implemented through the competitive [HOPE VI](#) program, also called the Urban Revitalization Demonstration program. However, concerns arose regarding accountability, inadequate standards and record-keeping, and the well-being of very-poor residents displaced by HOPE VI redevelopments.

From HOPE VI emerged the [Choice Neighborhoods Initiative](#), a pilot public-private neighborhood turnaround program. It engages private developers and financial institutions in replacing obsolete, deteriorating publicly owned housing that isolates poor residents with modern, privately owned and managed mixed-income housing supported by coordinated private, philanthropic, and local neighborhood investments. To be selected for the program, communities must bring together local leaders, residents, housing authorities, educators, police, business owners, and nonprofit organizations to improve education and job training, economic development, commercial development, and job creation. These tie-ins encourage coordination with other federal investments, such as: the [Justice Department’s Byrne Grants](#), which address crime, safety and reentry; the [Department of Education’s Promise Neighborhoods](#), which encourage school choice and school infrastructure; the [Treasury Department’s New Markets Tax Credits](#), which support economic development and job creation; and Transportation Department

POORLY DESIGNED MIXED-INCOME DEVELOPMENTS EXACERBATE INEQUITY

Some housing complexes in Manhattan, Boston, Honolulu, and elsewhere have allowed mixed-income developments that require separate entrances for market rate and subsidized residents. Not only are the entrances separate, but the apartment and building amenities are unequal.

One such mixed-residential development is Lincoln Square in Manhattan. Its gleaming building entrance at 50 Riverside Boulevard provides exclusive welcome to its market rate residents with 24/7 doormen and a hand-blown glass chandelier in the lobby. Down the street is the building entrance accessible to subsidized renters, at 40 Riverside Boulevard. A feature story in the *New York Daily News* in January 2016 described amenities available to residents at 50 Riverside Boulevard: two gyms, a pool, a movie theater, a bowling alley, and exclusive access to the building’s courtyard. Renters on the “poor” side have a bike storage closet, an unfinished laundry room, and a common space that faces the courtyard that they are not allowed to enter. Such “poor doors” in New York State have since been banned, although Lincoln Square was grandfathered in. (In Honolulu, opposition in late 2017 to “poor doors” in a proposed mixed-income high-rise was successful in opening all entrances to all residents. Only market rate residents, however, have access to the pool.)

Similarly, the stunning One Greenway complex in Boston is providing much needed mixed-income residential real estate in a space-starved city. The tower, with its entrance on Kneeland Street, offers a large array of amenities for market rate residents, including pet services. Less-affluent neighbors who enter the complex at 66 Hudson, however, are allowed to share a “landscaped urban retreat” called The Green and can enjoy their neighbor’s dogs there, but are not allowed to keep pets in their subsidized units.

and Environmental Protection Agency programs for rehabilitating deteriorating infrastructure and public services.

The Choice Neighborhoods Initiative has proven to be among the most successful uses of federal [Low-Income Housing Tax Credits](#) (LIHTC) yet tested.³ When mixed-income developments are *not* designed equitably, however, and instead are created principally to provide tax breaks and other incentives to developers, inequities built into the design can increase divisions and exacerbate the prejudices of wealth.

McCormack Baron Salazar's Focus: Equity, Inclusion, and Resiliency

Since 1971, MBS has focused on creating not just affordable housing but also equitable communities for all people from all incomes and backgrounds. Fifty years of experience and learning inform the firm's work in every aspect of real estate development and management. The most important lessons can be distilled into seven key elements of successful mixed-income development:

1. A diversity of financing sources
2. High standards and a uniform approach to design
3. Equally available market rate amenities and finishes
4. Community and resident involvement and leadership
5. Wrap-around services for lower-income residents
6. Management teams trained specifically for mixed-income populations
7. Attention to resiliency and sustainability

Each of these approaches addresses a different challenge posed by building a mixed-income community in an urban setting, and together they become an ever-evolving solution.

1. A Mix of Financing Sources.

One of the biggest challenges facing urban housing development is the fact that, under current market conditions, the revenues generated from affordable rental are not sufficient to

³ In cities such as Memphis, New Orleans, and Pittsburgh, the Choice Neighborhoods Initiative has produced major community improvements, including: a 40 percent increase in employment of public housing residents and 30 percent decrease in crime in Memphis; a 53 percent employment rate of the public housing residents in mixed-income communities in New Orleans; and 60 percent of the middle and high school youth from Pittsburgh neighborhoods participating in enrichment programs that keep them on track for college and employment. McCormack Baron Salazar calculates that its Choice Neighborhoods projects have secured a 3:1 ratio of local and private investment for every U.S Department of Housing and Urban Development dollar spent.

cover the costs of land and construction through private investment. In many cities, these costs are so high that even luxury market rate apartments cannot be covered solely by private sources.

Furthermore, during operations, the rents and operating subsidies paid on low-income apartments generally do not cover the costs of operating the development to a market rate standard. This results in dependence on and depletion of capital reserves and a corresponding deterioration of community conditions. As conditions worsen, rents are lowered to even less-sustainable levels. The archetypical example of this downward spiral is found in the mid-20th century public housing model, exemplified by Pruitt-Igoe.

Even if financially feasible, large amounts of private investment generally will not be made in neighborhoods that are perceived as low-income unless there is some reason to believe that conditions will change. The result is continued disinvestment in the neighborhood and further deterioration of its real estate and infrastructure.

Finally, mixed-finance structures create multiple points of accountability for the developer and owner, who have long-term obligations to private-sector lenders and investors, public-sector agencies, government programs, and community residents and stakeholders. This

DIVERSITY IN FINANCING CREATES STABILITY

The Harmony Oaks Apartments, in New Orleans, offers an example of the financial stability gained through using a mix of financing sources to underwrite a mixed-income development. Harmony Oaks is a 460-unit, mixed-income HOPE VI community that was set to close in the fall of 2008. Rebuilding in New Orleans after Hurricane Katrina and during the Great Recession presented myriad financing challenges, including finding an investor, escalating construction costs, and building for a market that was not reestablished. Lenders would only underwrite \$2 million in traditional debt toward a total development cost of \$161 million. With boosts and incentives in the tax credit program, low-income housing tax credits resulted in \$56.3 million in tax credit equity from Goldman Sachs, but the remaining \$103 million came from government and philanthropic sources. And, once constructed, the rents from the 123 market rate units and 144 LIHTC units helped to offset the deficits in operating subsidy on the 193 public housing apartments.

The mixed-financing approach seems to have given Harmony Oaks and similar developments extra resilience over the long term. During the COVID-19 pandemic in 2020, for example, HUD subsidies could be quickly adjusted to account for the income lost by public housing residents. As a result, the public housing subsidies helped to somewhat bridge the lost rent from market rate and tax credit units. By the middle of April 2020, 98 percent of subsidized rent had been received at Harmony Oaks, compared to 79 percent of resident-paid rent.

Similarly, a public-private partnership enabled MBS to create Renaissance Square, an affordable housing community, in Puerto Rico in 2016. The partnership leveraged private funding to redevelop three existing public housing sites into vibrant, sustainable, mixed-income neighborhoods. HUD, Puerto Rico Department of Housing, and the Puerto Rico Public Housing Administration committed significant funding for the \$35.5 million development. It also received Low-Income Housing Tax Credit equity, with Hunt Capital Partners as the syndicator and Citi Community Capital as the investor. Citi also provided a construction loan.

ensures that there are checks and balances throughout the life of the real estate investment for both financial performance and community goals.

2. High Standards and a Uniform Approach to Design.

The quality of the design and construction of a mixed-income community is a critical component of the overall development strategy. If the physical development is done well, it will attract market rate renters, it will reflect the high expectations set by the community, and it will signal to the larger market that people are investing in the area. If the development is done

poorly, it will have the opposite effect: market rate renters will go elsewhere, resulting in lower market rate rents – which, in turn, will reduce the diversity of incomes in the community. Poor design and materials also signal to the community that the residents are less deserving, decreasing neighborhood pride and expectations. This can lead to community detachment. Finally, the broader market interprets low-quality design and materials as a sign of disinvestment and decline, leading to increased stigma on the community.

If the expectation is that the development has to compete for residents in the marketplace and therefore must reflect a competitive level of quality, it must be solidly built with strong architectural design; have great curb appeal; be attractively landscaped; and be well maintained, safe, and secure.

At the same time, a successful mixed-income development should be seamlessly integrated into the surrounding neighborhood. The goal is not to replace the existing community, but rather to build on its strengths and stabilize areas of weakness. The mixed-income development should be an extension of, and improvement

COMPETITIVE QUALITY AND UNIFORM DESIGN

An example of this approach can be found in the Larimer/East Liberty Choice Neighborhood in Pittsburgh, PA. In the early 2010s, the East Liberty neighborhood was booming. Centrally located, with strong historical assets that were attractive to renovators and access public transit service, East Liberty attracted employers such as Google and technology start-ups, retailers like Target and Whole Foods, and market rate housing investors who built new, mid-rise buildings that were attractive to millennials working at the neighborhood start-ups. Directly adjacent to East Liberty, the Larimer neighborhood was disinvested, with several large Section 8 and public housing sites; smaller, poorly maintained single-family homes; and severely deteriorating infrastructure.

When HUD awarded the neighborhood a Choice Neighborhood Grant in 2013, the new plan worked to address current residents' fear of gentrification by including a mix of incomes in any new development and supporting current homeowners with assistance to maintain their properties. At the same time, the design of the new construction reflected the aesthetics of the East Liberty developments, linking the previously disparate neighborhoods through high-quality design and materials. The site design demarcates previously vague green space into parks and reconnects the street grid to provide safer, more direct access to transit stations. The new mixed-income community is attractive to new potential residents, makes returning residents proud, and elevates the value of the surrounding neighborhood by building upon existing strengths like green space and transit access.

to, the existing neighborhood. The density, height, and architectural style should reflect and build upon that of the surrounding community and integrate into the existing context. This integration includes the style of the new buildings as well as the connections with streets, walkways, bike paths, community institutions, and parkland. These elements reinforce that the new community is neither a gentrifying effort (if the surrounding neighborhood is lower income) nor a lower-income enclave (if the surrounding neighborhood has higher levels of investment). Rather, the development should reflect the best values of mixed-income development combined with the values and strengths of the existing neighborhood.



New housing in the Larimer/East Liberty neighborhood in Pittsburgh, PA.

3. Equally Available Market Rate Amenities and Finishes.

One of the philosophical goals of a mixed-income community is that there is no perceived difference between neighbors. Any neighbor's apartment looks like another's'; the only difference is what people pay in rent. This allows lower-income residents to live with pride and market rate residents to view the community as comparable to any other market rate complex.

Since everyone will have the same interior finishes, the finishes must be high-quality enough to appeal to and meet the expectation of residents from all targeted income levels but not so high that the development cannot be financed. Apartments should have architectural details, durable fixtures, and full appliance packages (including, whenever possible, in-unit washers, dryers, and dishwashers). Not only does this approach create equity among renters, but the savings to ongoing maintenance are significant. The higher-quality fixtures pay themselves off in lower long-term replacement costs, and providing a full large-appliance package prevents damage to doorways, floors, hallways, and stairwells from resident moves. Higher-quality

counter tops and backsplashes look good to market renters and hold up well under constant use by families.

For income mixing to work, high-quality amenities in a mixed-income community must also be available to all residents, regardless of what they pay in rent. To be competitive in the market, apartment complexes are expected to offer community-level amenities such as fitness rooms, business centers, club houses and club rooms, playgrounds, bike repair and storage, pools, amenity decks and dog parks, and more. Not only do such amenities provide essential health and wellness opportunities for all residents, without access for lower-income residents the development simply replicates economic segregation on a micro-neighborhood level. When the amenities are maintained and managed to a high level, residents will not differentiate between neighbors; in fact, they will have opportunities to interact with neighbors around the shared amenities, which hopefully allows them to recognize a common set of values.



The Club Room at East Meadows in San Antonio is open for use by all residents.

4. Community and Resident Involvement and Leadership.

In any successful mixed-income effort, community stakeholders must be true partners in the process of designing, building, and sustaining racially diverse, mixed-income communities. These stakeholders include future residents, other residents in the immediate area, neighborhood institutions, schools, businesses, non-profits, churches, politicians, advocates and others. These

stakeholders must be actively involved in every stage of development, from the earliest planning through implementation of the plan and during ongoing operations. Ultimately, community members must be invested in the development's success and believe that they will benefit by gaining a better place to live, a better job, a safer neighborhood, more customers, or more opportunities for themselves, their children, and their neighbors. Without participation and communication, however, the community can feel a sense of disengagement and disenfranchisement at any stage in the process.

It is important to note that creating this partnership may take time. The history of many urban neighborhoods is one of broken promises and development projects that have been done *to* communities rather than *in partnership with* communities. Residents and organizations may approach the community engagement process with a great deal of cynicism and distrust, or simply choose not to engage at all. A process in which the community is actively engaged, respectfully listened to, and in which promises are kept, can begin to shift that dynamic and help build trust over time.

The fact that a significant percentage of the housing units in mixed-income communities are affordable to people already living in the community is a critical aspect to building this trust. Rather than displacing people in the neighborhood, one of the key goals of mixed-income housing development is to provide opportunities for current residents to live in high-quality, market rate-standard housing.

A method for community engagement must be established early in the development process and be adequately funded and staffed to ensure active participation from a broad cross-section of the community. Key strategies include: being clear and up-front about the goals of the development and financial constraints; respecting the time of participants by keeping the process short and focused; ensuring that the process is open and accessible to all stakeholders in the community (including accommodating for language, age, disabilities, and written and technological literacy levels); varying the engagement types and times (e.g., with large public meetings, smaller focus groups, and/or neighborhood surveys); and, above all, listening to community members to understand their vision and then reflecting that vision in the plan. If community members see their vision realized, they will have a stronger sense of ownership over the development and will support the success of the investment.

POWER OF RESIDENT INVOLVEMENT

A small example of the power of resident involvement can be found in the names of our apartment communities. Many of our community names are not created in a vacuum by a distant marketing team but through workshops with community members and residents who want to leave the mark of their influence in the new development. During one of these workshops in Memphis, the residents of the community started listing all of the famous African-American musicians that got their start in the neighborhood. All of these "legends" came from this area. The ensuing name for the apartment complex, "Legends Park," resonated with the existing stakeholders while appealing to the broader market with no knowledge of the name's origins. The result is a strong connection for all residents to the community and its name.

MSB keeps the community involved beyond the planning period through regularly scheduled community meetings, newsletters, email blasts, and other events and communications as the project is constructed. These communication strategies keep people updated on progress, underscores that agreements made during planning are being adhered to during implementation, and keeps everyone invested in a successful outcome.

The process of community involvement also builds social networks among residents and helps them develop a sense of community and shared destiny. Leaders emerge, and leadership training occurs, as residents learn critical information about their community's strengths and needs, and actively engage in creating a plan that builds on strengths to address needs. This process builds a community's knowledge and skills and ultimately prepares them to assume responsibility for sustaining the community during operations, with a resident association and regular communication with stakeholders. Property management should view both groups as key advisors who have insight into the market and a strong sense of what is working and what needs improvement.



Public art at Legends Park reflects the area's role in fostering African-American musicians.

5. Wrap-Around Services for Lower-Income Residents.

Providing an affordable apartment built to market rate standards helps to significantly stabilize lower-income families. But simply living in a mixed-income community does not transform their lives or push them up the economic ladder. For many low-income families, housing is just one of myriad barriers to success.

Human capital is the term used to refer to an individual's knowledge, skills, and abilities that contribute to economic and social growth. Experience suggests that healthy communities not only provide safe and affordable housing for residents, but also offer a wide range of family-strengthening programs and services that increase human capital. These services include high-quality childcare, healthcare, job training, education, and youth development, among others. We often partner with [Urban Strategies, Inc.](#) (USI), a national nonprofit with extensive experience in the design and implementation of human capital building, to develop a plan for providing wrap-around services to lower-income residents.

The human capital development approach is designed to place families on a path toward self-sufficiency and upward mobility. Our comprehensive supportive services program comprises all of the resources that help residents overcome barriers to success, including evidence-based intensive case management and connections to education, job training and placement, physical and mental health services, and enrichment activities for children and youth. These services and programs are provided through strong partnerships with high-quality local providers. The services are offered through a single point of entry (with case management or a liaison) to ensure seamless coordination between families and provider agencies and connection to a full continuum of services.

Providing human capital development and wrap-around services helps to bridge the financial gap between market rate residents and lower-income residents. It ensures that residents who can work have access to jobs, childcare options, and transportation. It helps children join after-school activities and youth find summer employment. It helps residents stay healthier and live longer, and it strengthens the community for all residents.

6. Training Management Teams Explicitly for Mixed-Income Populations.

The expectations for property management in a mixed-income community should be the same as in a market rate community. That is to say, the property needs to be maintained to the same high levels as the construction and design. At the same time, property management teams share the same implicit bias as the rest of the population and cannot be assumed to understand how to manage to the needs of lower-income residents in their community. Sometimes the traditional goals of property management (e.g., maximize occupancy while reducing costs) conflict with the goals of a mixed-income complex (e.g., create a community in which all

residents can thrive). Property managers also need to understand the complexities of a mixed-income development, recognizing that their “customers” are the residents and the property owners – and also the broader community stakeholders, investors, and government entities.

Property managers need to start with the same high-quality standards that went into the design and construction of the development. While strong design, high-quality finishes, and an involved community will reduce wear and tear on the property, managers must do their part by continually walking the site and inspecting units to ensure ongoing maintenance. Strong management works with residents to establish and maintain high standards for the community – and incorporates a feedback loop for when those expectations are not being met – and works to foster a sense of community for all residents through communications, events, and programs.

Strategies for managing mixed-income communities should acknowledge and address the unique challenges facing lower-income residents.

While the goal is to manage to market rate standards, it must be acknowledged that the context within which these developments exist is very different from those of many market rate rental developments and therefore requires a different approach. The property management team must understand the immediate and long-term goals for the property, apart from maximizing returns, and they must see themselves as part of the public-private partnership. Property managers must be able to recognize and address the particular needs of low-income residents, including linking them with needed services and support, acting as a liaison with community institutions such as schools and hospitals, and working to approach each resident and their challenges without racial and economic bias or assumptions.

Because the mixed-income model has many partners investing in its success, the property management team must also serve as a connection to other partners. This includes addressing issues that may arise in the community by working with community partners, with neighboring businesses and institutions, with police and security services, with local elected officials and staff, and with residents of the development.

The goal is to create a true community that incorporates the elements found in any successful neighborhood: a sense of community, safety, stability, and opportunity. Success occurs when residents take ownership of the community and help ensure its long-term

**PEOPLE-CENTERED PROPERTY
MANAGEMENT STRATEGIES**

High-quality property management was on display by McCormack Baron’s property management division during the Covid-19 pandemic. While many other property owners simply notified residents that they were not going to evict them for four months, McCormack Baron Management began working to help residents understand how the crisis had affected them – financially, mentally and physically. As challenges were identified, managers connected residents to resources and service providers. They logged and tracked issues and concerns across the portfolio to identify patterns and share solutions. The results demonstrated deepened understanding of the crisis and of the need for additional legislation, funding, and programming to address post-crisis realities.

sustainability by actively helping to make sure the community is safe, the property and grounds look good, and neighbors are working together to create the kind of community they want.

7. Attention to Resiliency and Sustainability.

The growing number of devastating weather events threatens the stability of financially vulnerable populations by destroying older public housing structures, in addition to other impacts. With few financial or emotional resources available to recreate their communities or rebuild their lives, residents disperse as best they can when a major environmental threat occurs. On several public housing sites demolished by extreme weather, MBS has had the opportunity to apply principles of equity and resiliency to the construction of new multi-unit, mixed-income housing. Post-disaster reconstruction has become an opportunity to use new housing designs, financial models, construction practices, and community-building techniques to strengthen the resilience and sustainability of the developments and their residents, in preparation for the storms that will inevitably follow.

We view resilience in structural, financial, and human terms, and we define it as the ability to recover quickly from or adjust to difficulties, adversity, or change. Specifically:

- **Structural resilience** refers to the components built into physical structures that make them better able to withstand disasters and recover rapidly. This type of resiliency is linked to sustainability, in the sense that structural elements put in place to address sustainable water and energy (e.g., low-flow toilets, reclaimed furnishing materials, LED lighting) help to manage normal operating costs *and* are less likely to fail if the structures that house them are safe from weather-related destruction.
- **Financial resilience** refers to having sufficient monetary resources for planning, building, management, and repair. A key dimension of financial resilience for mixed-income housing involves having a mixture of public and private investment. Mixed-income housing can even act as a kind of fail-safe protection for residents who fear that repairs will not be made in a timely manner after damaging storms. Simply put, private debt requires repayment, which comes from market rate rents that will only be paid if units are habitable.

- **Human resilience** refers to people’s ability to bounce back quickly—to personally “weather the storm.” Often, the greatest victims of disasters are those who lack resilience—physical, economic, and social—to protect themselves beforehand and to pick up the pieces afterward. Compared to those in higher income groups, people with lower incomes, people with disabilities, and seniors have more difficulty preparing for and evacuating storms, have fewer financial resources to apply toward recovery, and are less capable of negotiating disaster recovery bureaucracy. Beyond the external effects, the impact of trauma and dislocation on lower-income residents, including children, can be more acute. Structural resilience can contribute to human resilience, because it reduces the personal and social costs that occur when residents must flee their homes to escape extreme weather rather than being able to shelter in place. Intentional efforts to build social cohesion through housing equity and inclusion, amenities, and wrap-around services further creates the resilience residents need to move forward after a major disruption rather than continuing to suffer.

MBS’s experiences suggest two overarching lessons about building resilience and sustainability into equitable, inclusive mixed-income housing developments.

First, take a long view and prepare for the inevitable. Just as resiliency requires effort and forethought, the devastating human impact of disasters often can be traced to shortsighted planning, failed infrastructure, poor preparation, and uneven responses. For that reason, the Renaissance Square development in Puerto Rico was conceptualized from the beginning as an eco-conscious property combining intelligent, energy-saving design with aesthetics and function. On an island with well-known energy challenges and serving a financially constrained population, Renaissance Square was designed with such features as photovoltaic

**SUPPORT RESILIENCY
BY BEING PREPARED**

Two months after MBS opened Villas on the Strand and Cedars at Carver Park, in Galveston, Texas in late August 2017, Hurricane Harvey barreled up the coastline. A week before the storm hit, the general manager of the two new properties opened her emergency preparation guide and took action. She updated the resident lists, noting which residents would need help in case of evacuation. She created IDs for all staff and residents, in case access onto and around the island was restricted as it had been after Hurricane Ike. And she ordered supplies, including generators, 2-way radios, cases of water, flashlights, batteries, and disposable cameras.

Four days out, a letter was sent to all residents with preparation instructions and emergency phone numbers. Directional signs were posted in hallways to let residents know how to get out, because doors that might be affected by the storm would remain shut. The maintenance team installed shutters over lower-level doors and secured the electrical systems. Residents had the option of moving their cars to elevated off-site garages.

The properties’ high-quality construction and well-prepared management gave residents peace of mind, and few chose to evacuate. Even with 30 inches of rain, residents emerged after the storm to find some scattered debris—but no flood damage.

panels, high-efficiency cooling systems, and environmentally friendly building materials that would reduce energy consumption and save money for tenants.

Importantly for Renaissance Square’s physical resilience, the buildings were designed to withstand a direct hit by a Category 4 storm, including hurricane-rated windows, doors, and roofs, and reinforced structural components. The sites also are designed to manage stormwater run-off to reduce the impact of heavy rains. And, like all MBS developments in hurricane-prone locations, a management preparedness plan is in place to address communications, site preparation, and recovery. Renaissance Square’s resilience was tested in September 2017 by Hurricanes Irma and Maria. Although the storms damaged or destroyed more than 250,000 homes in Puerto Rico, Renaissance Square—which was nearing completion—suffered no serious damage. The only project delays were the result of interruptions to the island’s electrical service and deliveries.

Second, building social cohesion will increase human resilience after extreme weather events, even among economically vulnerable groups. Neighbor-to-neighbor supports are especially important in times of crisis. Thus, mixed-income communities where people are connected are more capable of withstanding external challenges.

Conclusion

Cities have a chance to move away from pockets of residential poverty and gentrified urban cores to become places of opportunity for all. New approaches to subsidized affordable housing are working to change the fortunes of poor and low-income residents by focusing on equity and inclusion in a mixed-income environment. This suite of successful strategies can catalyze a vast transformation to our nation’s biggest urban trouble spots, including and especially in areas where violent weather events have the capacity to upend lives.

The need is great: More than one in four U.S. households spends 50 percent or more of income on rent.⁴ There is a national shortage⁵ of 7.4 million homes affordable to the lowest-income families. Deferred maintenance on 100-percent publicly owned housing was estimated by at \$26 billion by the U.S Department of Housing and Urban Development (HUD) in its last official report (2010)⁶ and was growing by \$3.4 billion each year. For every three units added to the overall rental stock between 1995 and 2005, two units have been permanently removed from the inventory. Many of these units built since 2005 targeted the higher end of the market and

⁴ Joint Center for Housing Studies of Harvard University, Harvard Graduate School of Design, Harvard Kennedy School, *America’s Rental Housing 2020*, (Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2020), https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Americas_Rental_Housing_2020.pdf.

⁵ National Low Income Housing Coalition, *The Gap A Shortage of Affordable Homes*, (Washington, DC: National Low Income Housing Coalition, 2020), https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf

⁶ Abt Associates Inc., *Capital Needs in the Public Housing Program*, (Cambridge, MA: Abt Associates Inc., 2010), https://www.hud.gov/sites/documents/PH_CAPITAL_NEEDS.PDF.

were unaffordable to people with more modest incomes. The housing boom-and-bust of the years that followed did little to improve the situation.

Today, a look through project submissions to HUD shows that public-private public housing transformation projects in 48 cities await federal support. In limbo is \$5.7 billion in housing infrastructure investment, with most funding coming from private sources. Based on estimates by the [National Association of Homebuilders](#), these projects would produce 26,000 tax-paying good wage construction jobs and 23,000 privately maintained, modern, healthy, low-impact apartments and homes for families, seniors, and veterans. Equally important, formerly homeless veterans and others experiencing homelessness would be among those housed.

To get these kinds of results, programs like the Choice Neighborhoods concept must go to scale. Expanding efforts such as these, using the strategies detailed here, would be a strong and cost-effective step toward fulfilling the promise of urban America.

Implications for Action

Implications for Policy.

- Policymakers should consider extending and expanding HUD funding for the Choice Neighborhood program to meet the demand for mixed-income development throughout the nation.

Implications for Research and Evaluation.

- Evaluators should consider the long-term effects of living within a mixed-income community for lower-income households, examining the impacts of supportive services provided to individuals and families. Measures should be tracked for relevant short-and long-term outcomes, such as employment, educational attainment, and health, among others. Incorporating a practice of consistent evaluation will ensure the property is well-serving residents in thriving in the community.

Implications for Development and Investment.

- Developers should establish methods for community engagement and communication early in the development process, and staff and fund them adequately to ensure active participation from a broad cross-section of the community. The process should be open and accessible to all stakeholders in the community regardless of language, age, disabilities, and literacy level.
- Developers should listen to community members' vision for the community and use it to create a plan that builds on strengths to address needs and cultivates residents' social networks, leadership capacity, and human capital.

- Developers should build to market rate standards, meaning that all units include the same high-quality furnishings and are interchangeable, and all amenities are available to all tenants regardless of income, while also attending to the particular needs of lower-income households.
- Developers should ensure that current neighborhood residents can afford to live in new, high-quality mixed-income developments rather than displacing people who are already committed to the neighborhood.
- Developers should create a plan for providing wrap-around services to lower-income residents, preferably with a single point of entry, seamless coordination between families and providers, and connections to a full continuum of services.
- Lenders and investors should consider more flexible requirements so that financing generates opportunities for higher-quality developments that include a mix of financing sources.
- Developers should use post-disaster reconstruction as an opportunity to apply new housing designs, financial models, construction practices, and community-building techniques to strengthen the resilience and sustainability of mixed-income developments and their residents.

Implications for Residents and Community Members.

- Residents and community members should actively participate in every stage of project development, from planning through implementation and during ongoing operations.
- Residents and community members can share responsibilities for creating and adhering to high standards for a caring, supportive community.

About the Volume

This essay is published as part of a volume titled, *What Works to Promote Inclusive, Equitable Mixed-Income Communities*, edited by Dr. Mark L. Joseph and Dr. Amy T. Khare, with developmental editing support provided by Leila Fiester. Production is led by the National Initiative on Mixed-Income Communities (NIMC) at the Jack, Joseph, and Morton Mandel School of Applied Social Sciences at Case Western Reserve University, with lead funding provided by The Kresge Foundation. The volume aims to equip a broad audience of policymakers, funders, practitioners, community activists, and researchers with the latest thinking and tools needed to achieve more inclusive and equitable mixed-income communities. This is the fifth volume in the Federal Reserve Bank of San Francisco's What Works series, which has sought to analyze a variety of key themes in urban development.

The views expressed in the essays reflect the authors' perspectives and do not necessarily represent the views of The Kresge Foundation, the Federal Reserve Bank of San Francisco or of the Federal Reserve System.

Readers can view this essay, the [framing paper](#) for the volume, and all currently posted essays on NIMC's [website](#) where new pieces are being uploaded every month. Essays will be compiled and released in a final print volume, with an anticipated release in 2020.

You can also sign up to receive email updates and notice of other content releases by signing up for newsletter updates [here](#).

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