The Hope of Public Housing:
How Income Mixing is Expected to
Transform Public Housing

by

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ABSTRACT

The study examines the planning and implementation processes at two public housing
developments intending to introduce income mixing policies under the HOPE VI
program. The results of the study indicate that the quality of the relationships among key
players greatly effects the breadth of income groups represented by the policies and that
income mixing is more than a function of location, local market conditions and financial
feasibility. The study also concludes that the HOPE VI program’s design contributes to
the proposed range of income groups at the two sites.

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INTRODUCTION

Historically federal policy has been used to answering the question “who shall live in public housing” in terms of income groups. The changes in income policy reflect the government’s changing responses to this question. Answering the question is crucial because who lives in public housing is a determinant of the physical, social and financial health of the developments. This fact is particularly true when considering large family public housing developments. The public housing program is designed such that rents are to be used to cover operating expenses. If those living in large family public housing developments cannot pay enough rent to cover these expenses then either the federal government has to provide subsidies, maintenance of the developments will suffer or both.

Poor management practices are another determinant of the physical, social and financial health of large family public housing developments. “Inadequate management is one of the most frequently heard criticisms of public housing. Some of the problems are within the PHA’s control to correct; others depend on funding from the federal government and on general policies regarding public housing.”1 Some of the problems within authorities’ control to address are segregation, “a laissez faire attitude toward problem tenants” and mismanagement of funds.2 The “structural problem with financing public housing” and “generally poor conditions in the surrounding neighborhood” are

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2 Ibid. Pages 540-543.
some problems which are out of housing authorities’ control to correct.3 “Effective management of a public housing development today requires that PHAs, especially large authorities, control the increasingly hostile environments where many developments are located.”4

Irrespective of who lives in such developments or the conditions in the surrounding areas, a housing authority that is managed poorly will either require greater government subsidies, neglect routine management of the developments or both. However, in defense of authorities, the federal government restricts the authorities’ ability to manage efficiently by imposing regulations about evictions, tenant selection and the amount of rent tenants must pay. Public housing authorities have had an increasingly limited role in choosing who lives in their developments and what can be done once the tenant is there.

That is until now. The federal government’s policies, in conjunction with public housing authorities’ poor management practices have, over time, created a high level of physical and social distress in large family public housing developments. To address this severity of distress the federal government is, through the HOPE VI program, advocating that public housing serve households which represent a range of incomes and granting authorities greater flexibility in their management practices

3 Ibid. Pages 542-543.
By advocating an income mixing policy in respects to large family public housing developments, the federal government begets two questions.

1. What is the range of incomes to be represented?
2. In what proportion should each range be represented?

The flexibility of the HOPE VI program puts the obligation to answer these questions in the authorities’ domain. This same flexibility gives authorities great freedom in how they answer these questions as well. “There is no industry standard to guide income mixing policies, so PHAs are developing their own development-specific strategies based on resident demographics, local housing market forces, site location issues, and financial feasibility.”

However, with great freedom comes great responsibility. By designing HOPE VI to be flexible the federal government has inadvertently granted authorities a significant role in responding to the larger question of “who shall public housing serve”.

Let me give you an example of what I mean. Suppose that a housing authority decides that its HOPE VI development should have 30% of households at or below 50% of area median income and 70% above this level. The authority has essentially decided that public housing should serve the working poor and those households with moderate incomes. If the authority decides to flip this, 70% of households at or below 50% of area

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median income and 30% above that income range, they are essentially deciding to serve the working poor and the poor. This degree of freedom is fine when authorities are responsible for making these decisions because authorities are supposedly representing the public good. However, under HOPE VI, authorities are not the only ones making these decisions.

HOPE VI requires that authorities work with tenant groups to create and implement their redevelopment plans. Also, because redevelopment is largely a function of real estate and housing authorities lack expertise in this field, private developers have become an integral part of the group of players responsible for implementing HOPE VI grants, particularly at those HOPE VI sites where income mixing is a part of the revitalization strategy. “The flexibility of the (HOPE VI) program and the emphasis on local planning generate substantial challenges for housing authorities. Too often constrained by the oppressive regulatory environment…many PHAs struggle to be expansive in their vision and inclusive in their planning process.”

There are three groups of institutions which play key roles in answering the ultimate question of who should live in public housing: the local housing authority, the tenant group and the development team. Of course there are other players such as city officials, architects, local institutions and a host of consultants. However the three

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6 Ibid. Page 571.
groups named are the most influential in respect to the income mixing component of HOPE VI plans.

Since this trio of players are given such great freedom to decide about the range and proportion of incomes represented at HOPE VI sites, one begins to wonder on what basis are these decisions being made. “Mixed income communities are clearly a bold approach to mitigating the overconcentration of very poor families, but one that can be implemented only when the local housing market and site location are appropriate.”\(^7\)

Local housing market conditions and site location are not the only factors which effect the implementation of income mixing policies at HOPE VI sites. The relationship among the institutional players is also a determinant of how aggressive an income mixing policy will be under HOPE VI.

The purpose of my thesis is to show how these institutional networks effect the planning and implementation of HOPE VI grants in relation to income mixing policies. This is important because the breadth of income groups represented at HOPE VI developments ultimately addresses the question of “who shall public housing serve” as HOPE VI is quickly becoming the dominant vehicle to change the operation and management of large severely distressed public housing developments across the country.

\(^7\) Ibid. Page 575.
More detail about the concepts and ideas presented here is needed before exploring how relationships among key players affect the planning and implementation of income mixing policies at HOPE VI sites. Chapter One will help us understand how national policy has historically defined who lives in public housing in terms of income groups. This chapter also describes how these policies have led to the severity of distress in large family public housing developments. While management practices and conditions in the surrounding areas are also considerable factors which have contributed to the current state of these types of developments, I only discuss the role policies have play because the purpose of my study is to examine how a change in policy ultimately effects who lives in public housing.

Chapter Two follows with the material needed to understand what income mixing is and why it is viewed as a means of addressing the severity of distress which currently exists in the type of developments which are the target of my study. Chapter Three goes on to describe the HOPE VI program’s goals highlighting the freedom granted public housing authorities to define income mixing in their own terms and how the mix is to be achieved.

Two HOPE VI sites, Orchard Park and Mission Main, are studied in Chapter Four to provide concrete examples of how the trio uses the freedom granted under HOPE VI to answer the questions resulting from a national policy which advocates income mixing. These two sites are chosen because they are both located in the same city (Boston,
Massachusetts). Orchard Park and Mission Main provide a good comparison to explore if the local housing market and the sites’ location alone are the factors effecting the aggressiveness of proposed income mixing strategies.

Finally Chapter Five analyzes these two cases using an analytic framework of institutional networks to explore how the relationship among institutions effect the proposed income mixing policies at the HOPE VI sites studied. This chapter also discusses the role the HUD plays and the implications of that role on answering the question “who shall live in public housing”.
CHAPTER ONE

This chapter provides a historical background of the public housing program from its creation to its current state through the lens of income. The program has several different types of developments, e.g. elderly, scattered-site, across the country. For the purpose of my thesis I focus on family public housing developments which have over 200 units in large urban cities. The history of these types of developments will be reviewed in the context of how policy decisions about whom public housing should serve have contributed to their current condition.

The Depression to the Post-War Era

Beginning around the turn of the century concern started building around housing conditions in large industrialized cities. This issue came to a head following the Depression because of the added worry about American’s inability to recover from the financial distress caused by this event. Also at this time the federal government was considering ways in which it could stimulate the economy. The Housing Act of 1937 represented the legal form of the nation’s housing policy. The underlying theory of this Act was that if the federal government could subsidize the construction of housing then it could stimulate the economy and provide reasonably priced housing for its citizens.

This policy led to the creation of the public housing program. The program called for the creation of local public housing authorities to construct and operate public housing developments. “Public housing was for what Stanford University law professor
Lawrence Friedman termed ‘the submerged middle class’-those (white) middle-class households laid low by the ravages of The Depression, but who, after a few short years of support, would be back on their feet and on to middle-class life. That underlying conception was the rationale for building far fewer units than the number of needy families: over time, these units would be recirculated to others in need.” The construction of developments would be financed by the public housing authorities floating bonds insured by the federal government. The rents collected were intended to support the operation and maintenance of the developments. Rents were set at 20% below local fair market rents to limit what the private real estate market saw as unfair competition. In addition, to reduce competition with the private market, the physical design of public housing was less attractive than and distinctive from privately owned rental housing.

Implementation ran relatively smoothly. From the program’s inception until the late 1950’s, there was an abundance of applicants from which public housing authorities could select their tenants. Money flowed from the federal government. There were some problems during implementation, however, around site selection. In some cities there was contention over which neighborhoods public housing developments would be located. In many instances no established neighborhood wanted to be home to a public.

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housing development because it was believed that the property values in the area would suffer. Other neighborhoods were delighted to have the new housing.

Another reason for the contention was that in most big industrialized cities, by the late 1950s, a percentage of residents in public housing were African-Americans who had migrated north seeking better employment opportunities. The strong opposition around site selection was also racially motivated. During this time, public housing authorities did not turn away the opportunity to construct such housing. It was easier to create segregated developments.

"By and large, Friedman’s characterization of and predictions for the initial occupants of public housing were accurate; came World War II and the post-war recovery, these families moved out of the housing projects to the suburbs...In their place came a less economically mobile (and less white) population...For a range of reasons...a large proportion of these replacement families, and their children, have continued to need and become more or less permanent residents of government-subsidized housing."^10

The 1960s

In the 1960s, the tenancy of the public housing program changed. Up until this period, it was the deserving poor. Aided by federal government policies, by the 1960s it had become the poor. By this time the country had seen its return to a prosperous society. Public housing took on a new social function in this decade.^11 The program was

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no longer providing transitory accommodations. Public housing as a vehicle for housing the “submerged middle class” had served its purpose. These families, aided by other government programs, most notably mortgage insurance provided by the Federal Housing Administration and federally-aided highway construction, were relocating to the suburbs. Programs of this type, in conjunction with the racial and economic structure of America, provided other housing opportunities for these largely white families. As a result, these families were no longer applying for public housing in the numbers which they had been in the past.

In addition to this narrowing pool of applicants from which housing authorities could select tenants, the federal government gave priority for admission to public housing to families displaced by urban renewal and highway programs. Consequently, the new public housing tenants, particularly in urban areas, were becoming largely minority with low-incomes.

During the 1960s public housing began experiencing serious financial difficulties. Under the 1937 Housing Act the federal government financed the construction of public housing and rental income was to cover the operating and maintenance costs. During the late 1940s and early 1950s this financial structure worked because units were new and tenants were the working poor. However, in the late 1950s and 1960s, expenses were increasing due to inflation, buildings were in need of repair due to age and tenant incomes were declining.
The socioeconomic demographics of the new tenants caused the federal government to be concerned about their ability to pay the rents in public housing. The Brooke Amendment, enacted in 1969, set rent requirements in public housing at 25% of the resident’s income. The years between 1961 and 1970 saw the median family income of public housing tenants decrease from 47.1% to 36.9% of the national median family income. This trend continued throughout the 1980s and 1990s. The Brooke Amendment further exacerbated the financial crisis by allowing very low income households to remain in public housing. Although this legislation provided operating subsidies as well, inflation rendered the additional funding insufficient to cover the loss in revenues.

Public housing authorities responded by increasing rents, decreasing maintenance services or both. The rent increases caused tenants to experience greater financial burdens and decreasing maintenance services accelerated the physical deterioration of public housing.

**The 1970s**

The vision of whom public housing should serve started to shift again during the early 1970s. Actually, during this decade the vision appears to have been dichotomous. On the one hand, there was the federal mandate that public housing residents’ rent contribution be 25% of their income. This defined the policy which held that families

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living in public housing should not be overburdened by rent expenses. On the other hand, there was a desire that not all public housing residents be poor. The Housing and Community Development Act of 1974 mandated that public housing authorities move toward economic integration of its tenants. This defined a policy of income mixing in public housing which was to avoid a concentration in public housing developments of the most economically disadvantaged families.13

The 1980s

During the 1980s the schism in public housing policy’s target population was resolved. The national policy regarding the role of public housing was that it should provide shelter to the poorest of the poor. The program design was modified to reflect this new policy position in the 1981 Omnibus Budget Reconciliation Act by setting income limits for public housing residents at or below 50% of the local median income. This act made a feeble attempt to maintain some economic integration by including provisions for a small number of units targeted to households in the 50% to 80% of local median income range. This attempt was simultaneously undermined in the act as it revised the Brooke Amendment to increase tenants’ rent contributions from 25% to 30% of their incomes. This contributed to making public housing less attractive for households in the 50% to 80% range because as these households’ incomes increased so did their rents.14 Public housing was no longer a good deal for such households in this income range because they did not get any greater service for paying higher rents.

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In addition to these programmatic changes, the federal government further demonstrated its policy position by instituting admission preferences. First, in 1980, public housing authorities were instructed to give preference to households that were involuntarily displaced or living in substandard housing. Households living in substandard housing was defined to include homeless families as well as families living in homeless shelters. In 1984, admission preferences were expanded to include households whose rent contribution was more than 50% of their income. These changes gave priority to households of very low income and often with serious social issues.

The income requirements and admission preferences mandated by the federal government, in addition to an emerging drug culture during the 1980s, began to intensify the distress of public housing tenants and the authorities which governed them. Large urban public housing sites are generally physically isolated from economically thriving communities and the tenants were now the poorest of the poor. Members of very low income households often receive poor educational training, have little or no job skills and even less access to employment opportunities creating a generational cycle of welfare dependent families. The flourishing drug culture made them vulnerable to being victims of crime, substance abusers or dealers. The physical isolation combined with tenants’ limited (or complete lack of) participation in the labor force helped to create a

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15 During the 1980s, the sale and use of crack cocaine reached epidemic proportions in large urban centers. The epidemic hit economically disadvantaged communities the hardest. Violence was a large part of the drug culture due to the fact that rival dealers would kill one another over turf issues. Large family public housing developments became havens for drug activities because of their design, the social and economic status of residents and the neglect of law enforcement institutions (both within and without housing authorities).
culture of poverty characterized by hopelessness and despair as well as social pathologies like teenage pregnancies, crime and substance abuse\textsuperscript{16}. The conditions in the communities surrounding public housing sites often mirrored those in the developments. The physical conditions of the developments were also degenerating along with the social aspects.

**The 1990s: The National Commission**

While it had been an issue for years, national concern around the state of large, family public housing developments located in urban areas forced the government to reevaluate the most troubled of such developments. Most public housing developments were not besieged by the problems mentioned previously although the media, advocates and elected officials utilized problem projects to characterize the severity of distress in the program. “In 1989, Congress established the National Commission on Severely Distressed Public Housing to explore the factors contributing to distress, to identify strategies for remediation, and to develop a national action plan to eliminate distressed conditions nationwide.”\textsuperscript{17}

In its final report the Commission recognized severe distress in both physical and social terms. Classifying distress in social terms was unique as the federal government had long recognized the level of physical distress and attempted to deal with it through programs such as the Comprehensive Improvements Assistance Program (CIAP), the


Comprehensive Grant Program (CGP), and the Comprehensive Modernization Program (Comp Mod)\textsuperscript{18}. The Commission’s final report attributes the creation of this level of social distress to the policies of the 1980s. These policies resulted in developments which “contain an aggregation of particularly vulnerable households - both economically and physically”\textsuperscript{19}. The report states that public housing residents are “a deteriorating - severely distressed - population in need of a multitude of services”\textsuperscript{20}. According to the Commission, severely distressed public housing developments suffer from “institutional abandonment in the areas of police protection, health care, employment and training, education, counseling and youth programs”\textsuperscript{21}.

Congress took the recommendations from the Commission’s final report and provided funding for an urban revitalization demonstration program involving major reconstruction of severely distressed public housing. In its attempt to address the problem of severely distressed public housing comprehensively, Congress designated that these funds be used for the physical revitalization of developments as well as for the provision of social and community services.

\textsuperscript{18} These are federal government programs which competitively award housing authorities funds to do capital improvements to the developments in their portfolio.


\textsuperscript{20} Ibid. Pages 47 - 48.

\textsuperscript{21} Ibid. Page 48.
Conclusion

The policy regarding whom public housing shall serve has transformed over time with the socioeconomic status of the target population steadily declining. The concentration of low income households, in conjunction with incompetent management and declining conditions in surrounding neighborhoods, has resulted in developments and residents existing in severe distress. Public scrutiny of this situation led to the creation of the HOPE VI program in 1993. Before describing the HOPE VI program, the following chapter will discuss economic integration as a housing policy, its development over time and key determinants of success.


CHAPTER TWO

Integration in American society refers to the combining of different classes, races and household types into a unified whole. This has been one of our society’s challenges throughout our history. The two major vehicles used to achieve integration are education and housing.\textsuperscript{22} Integration as a goal of housing policy became dominant in the 1960s when the federal government began several initiatives to reduce the number of Americans living in poverty. However, due to the historical oppression of African-Americans, politically, economically and socially, it has always been difficult to separate the issues of race and class. While this is true, the focus of my thesis is economic integration.

Therefore in this chapter I will:

1. briefly discuss racial integration as it relates to housing\textsuperscript{23},

2. define what is usually meant by economic integration,

3. outline the theoretical benefits of economic integration,

4. provide examples of distressed large family public housing developments redeveloped into economically integrated communities, and

5. describe some determinants of success of economically integrated developments.


\textsuperscript{23} Racial integration as a goal of housing policy has met with much resistance. Those charged with the implementation of federal housing policies resisted the efforts to provide housing for the poor (which usually meant African-Americans) in white middle-class communities. The history of site selection of public housing projects around the country, particularly in Chicago, is evidence. While the numerous Affirmative Action programs enacted during this period resulted in an increase of the socioeconomic status of many African-Americans, the discrimination in housing still persisted. The problem was no longer one of affordability; it became one of acceptability. The underlying prejudices of individuals in the real estate industry (loan officers, real estate agents, etc.) resulted in continuous residential segregation of African-Americans. Those African-Americans who had escalated to middle-class status found that they were still being denied access to housing in neighborhoods which were predominantly white. Despite three decades of effort, whether by design or by choice, most Americans continue to live in communities which are dominated by their own race.
**Racial Integration**

Housing integration is viewed as a method of reducing tension and social conflict between races\(^ {24} \). Housing provides a unique arena for this purpose because it is the setting in which a large proportion of people's social life occurs. It is believed that an integrated community can provide residents with occasions to engage in casual contacts with members of different races providing opportunities for understanding and sympathy to develop.

**Economic Integration Defined**

Income mixing is another term for economic integration. The term mixed income housing is used to describe any housing development in which the majority of households living there are not in the same income group. There is no standard approach to how the income groups are separated however most income mixing definitions divide income groups into three categories: low, moderate and market rate. The income groups are always described as some percentage of the median income in the local area. For example, HUD, which currently uses a four-tier income categorization system, defines the income groups in the following manner: households earning up to 50% of area median income are defined as very low income, 60% are low income, between 60% and 80% are moderate income and above 80% are market rate (indicating that households in this income category can afford to pay rents at fair market rates).

Income mixing can occur in one building or across an entire complex which has several buildings. One approach to achieve income mixing is to designate the units in one building of a development for particular income ranges. For example, a complex with three buildings may designate units in one building for households in a particular income range and units in another building for households in another income range. Another approach is to have units for specific income ranges spread throughout the development site. In mixed income developments units are ideally indistinguishable from one another to prevent residents from differentiating households according to their income status. This is the reason why most mixed income advocates prefer the latter approach to the former.

**History of Income Mixing**

The same groups which opposed racial integration as an aim of housing policy resisted economic integration as well. The early literature by policy, planning and housing industry professionals is dominated by the view that mixing classes would be unsuccessful. At the foundation of this view was the ideology that each class (and race) had conflicting values which would render harmonious co-existence difficult.

Despite this opposition, housing policy began to favor economic integration and move in that direction about thirty years ago. In the late 1960s Massachusetts created a state agency, the Massachusetts Housing Finance Agency (MHFA) which had a distinct mandate to provide low and moderate income state residents with affordable housing
options and to achieve socioeconomic mixing in the developments it subsidized. The agency’s mandate of economic integration was the first of its kind in the nation.

After about five years in existence and the production of several hundred units, MHFA contracted an independent consulting firm to conduct a study of the agency’s success (or failure) in regards to social integration. The goal of the study was to test tenant satisfaction in MHFA developments. This audit astounded the housing community with its findings that tenant satisfaction was based on the quality of design, construction and management. These findings contradicted the belief that mixing households of different income groups would not work because each income group had different values and lifestyles which would conflict.

The study reported in its conclusions that “broad income mix works…producing higher…satisfaction at all levels—market, moderate income, and low income—principally because these developments are superior in design, construction, and management. Income mix as such does not seem to be an important determinant of satisfaction and dissatisfaction. This finding, which is contrary to conventional wisdom, may be explained by the fact that, contrary to expectations, measures of lifestyle, values, and attitudes did not reveal any significant differences between income levels.”

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Income Mixing’s Benefits

There are five theoretical benefits of income mixing. The first three relate to benefits for the households and the last two relate to benefits for the project.

1. People who participate in the labor force will provide positive role models for the unemployed and children. Seeing people go to work everyday and the rewards they reap from their labor can serve as inspiration for others who often see the underground economy as their only means of earning a living.

2. The poor will benefit from the social contacts with members of higher economic status. The unemployed will gain knowledge about employment opportunities. This idea rests on the maxim “It’s not what you know but who you know”.

3. The location of one’s dwelling is a decisive factor in determining the quality of education, health care and other community services. The poor benefit by gaining access to better quality community services because households of a higher economic status presumably know how to successfully advocate on their own behalf for such things.

There are no conclusive studies which show that any of these benefits are the result of income mixing. The underlying premise of the income mixing argument is that the loss of households with higher incomes have resulted in communities which have high concentrations of poverty and are economically and socially disadvantaged. Therefore by reintroducing households of higher incomes back into such communities the poorer households reap these benefits. For further discussion of this argument see William J. Wilson’s “The Truly Disadvantaged” and Robert D. Putnam’s article in the American Prospect entitled “The Prosperous Community: Social Capital and Public Life”.

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4. Communities have a greater chance of achieving stability because changes in a household’s socioeconomic status will not force it to have to relocate. Either rents can be adjusted to reflect the change or the household can move to a different apartment in the same development.

5. Another less flaunted advantage of mixed-income housing is its supposed financial benefits. There is inherent in arguments for economic integration the idea that it is less expensive to operate because these developments require less subsidy. The rents collected from market-rate tenants could subsidize the low-income units as well as ensure that managers and owners of mixed-income developments are not entirely dependent upon government subsidies to meet expenses.

**Income Mixing in Redeveloped Public Housing**

There have been mixed income developments constructed around the country for over a quarter of a century. State housing finance agencies utilized tax-exempt bonds to develop approximately 25,000 units of mixed income rental housing in 1987 alone. In addition, there are three examples of troubled public housing developments that have been redeveloped into mixed income communities.

**King’s Lynne; Lynn, MA**

Years ago America Park, now known as King’s Lynne, was plagued by cockroaches, leaky walls, teenage gangs and hundreds of stray dogs. Twenty-five percent

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of the units were condemned and officials wanted to demolish the development. The tenants initiated the redevelopment by combining efforts with the MHFA. They hired a private developer and worked to overcome the deplorable conditions at America Park. The 58-acre complex now has tennis courts, swimming pools and a recreation center. The Boston Globe reports the “441 unit mixed income complex…rivals any upscale housing community…Of the 441 original America Park families, 100 live at King’s Lynne today…The vacancy rate has been less than 2 percent since the project’s inception…The police report that there are no more problems (of crime) at King’s Lynne than in any other neighborhood.”

Harbor Point; Boston, MA

Harbor Point, completed in 1991, was a public housing development known as Columbia Point located in Boston, Massachusetts. In 1979, 77% of the units were vacant. Columbia Point was situated on a peninsula south of Boston’s downtown along with institutions such as the John F. Kennedy Presidential Library, University of Massachusetts campus and a large exposition center. The redevelopment effort was led by the tenants themselves, as was the case with King’s Lynne. The development’s location, size and vacancy made it a feasible project for a private developer to step in to and create a mixed income development which incorporated the public housing tenants. Harbor Point is currently jointly owned and managed by the developer and the tenants.

and includes such on-site amenities as a health care center, day care center and
recreational facilities. Residents report being pleased with their new development29.

Lake Parc Place; Chicago, IL

The Chicago Housing Authority (CHA), under the leadership of Vincent Lane,
attempted to deal with the concentration of poverty in its developments by initiating the
Mixed Income New Communities Strategy (MINCS). The CHA successfully lobbied
Congress to include funds for the MINCS program under the 1990 Cranston-Gonzalez
National Affordable Housing Act. The key features of MINCS are that 50% of the units
would be occupied by low-income households, but not very low-income ones. The
remaining 50% of units in MINCS developments are to be occupied by moderate income
households who would be encouraged to remain in the developments by capping the rents
they would be charged.

Lake Parc Place, located adjacent to Lake Michigan and a few blocks south of
Chicago’s downtown business district, was selected as the only MINCS development in
the country. Aside from the general features of the program, the CHA also included
amenities not typically found in public housing developments such as ceiling fans, closet
doors and wood vanity sink fixtures. These amenities combined with the location and

Visions for Harbor Point” Places 8(4).
low rents succeeded in attracting enough moderate income families to achieve the desired income mix\(^{30}\). The project has recently fallen short of the target income mix\(^{31}\).

**Determinants of Successful Mixed Income Public Housing Redevelopments**

The success\(^{32}\) of mixed income developments is not a function of the mix as discovered by the MHFA audit *All In Together*. What then are the factors which are required for the successful redevelopment of troubled public housing developments into mixed income communities? In my attempt to answer this question I first acknowledge that public housing developments are part of the larger real estate market and therefore remain subject to the fundamental principle of real estate: location. Also, the physical aspect of public housing developments has already been determined by the MHFA study to be a condition of success. In addition, successful mixed income developments are a function of the breadth of the income mix. *All In Together* reports that “broader income mix was associated with higher levels of satisfaction, since a broad level of income mix was determined by a large number of market rate units… and this in turn was a major correlation” of well-constructed, well-maintained and well-managed developments.


\(^{32}\)The *All In Together* report did not focus on redeveloped public housing but did show that mixing income groups was not a determinant of success, which they define as tenant satisfaction. For the purpose of this discussion, success is limited to the ability to attract households of higher incomes. I acknowledge that any definition of success should also include the retention of these households and that retention is more a function of management than of the factors mentioned here. However, getting higher income households into mixed income developments is a separate issue from keeping them there. The purpose of my study is to examine how income mixing is achieved, not maintained, particularly as this issue relates to the redevelopment of troubled public housing.
These three determinants are explored using the redeveloped troubled public housing cases as examples.

**Where Is Income Mixing Viable?**

Because location is a critical factor in determining market appeal of real estate, all public housing developments are not equally suited for income mixing. The closer a development is to an area with good community services, access to transportation and signs of institutional investment (i.e. low incidences of crime, no abandoned buildings) the more likely it is to be successful as a mixed income community. This is because households with higher incomes, and therefore greater choice, ordinarily choose housing located in well situated areas. Harbor Point and Lake Parc Place, both located on or near waterfront property and in close proximity to each city’s downtown, are examples of public housing developments that had the necessary precondition of location required for attracting higher income households.

**What Do Mixed Income Developments Look Like?**

Size, design and amenities influence the success of mixed income housing as well. Dense, high rise public housing developments with bleak exterior designs, closets with no doors and no personal defensible space are undesirable to even the low-income households who reside there. Attracting higher income tenants involves the demolition or total rehabilitation of existing physical structures. The three cases of redeveloped public housing developments highlighted previously are illustrations of this.
What Breadth and Combination of Income Groups Is Feasible?

The mix of incomes required for successful mixed income developments is the aspect housing professionals are least clear about. There is no uniform guide to define the breadth of income groups when describing income mixing. Within public housing, because of legal constraints, income mixing refers to integrating households whose incomes are between 0% and 80% of area median income. The Council of State Housing Finance Agencies in their definition of income mixing refers to integrating include households whose incomes are between 0% and above 80% of median. The furthest one can push this ratio is a 80% market rate/20% subsidized unit ratio before the development becomes too risky financially, according to private developers. Joseph Corcoran, developer of both King’s Lynne and Harbor Point, believes that a true income mix should represent all ranges of median income. His experience with these two and other developments has underscored the need for some middle ground (between whatever is defined as low and market) so that changes in a household’s economic situation do not require them to relocate to another residence outside the community.

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Tent City, a 269 unit mixed income development located blocks from the heart of downtown Boston, is an example of income mixing that includes a middle ground. Twenty-five percent of the units are designated low income, 50% are moderate income and the remaining 25% are market rate. The moderate income units are further divided into tiers with different rents representing each tier. “The advantage of this flexibility is that it enables tenants to weather financial difficulties and remain in the development - - thereby helping to ensure the stability and cohesiveness of the community”. 35

**Conclusion**

Redeveloping troubled public housing into mixed income communities is not a new phenomenon. The reasons for wanting to reintroduce income mixing into public housing are the hope that residents will reap the theoretical benefits associated with economic integration. The troubles of large family public housing developments in urban areas meet with income mixing and take shape in the HOPE VI program. The basic premise underlying the argument that income mixing can be a tool to address the distressed conditions existing in troubled public housing developments is that if concentrations of poverty lead to social problems then deconcentrating poverty through income mixing will lessen or eradicate such problems. One of the major goals of the HOPE VI program has been, and continues to be, “lessening concentrations of poverty...by promoting mixed-income communities. . .thereby ending the social and

economic isolation of public housing residents. This is an indication of income mixing as a policy to address the severity of physical and social distress in public housing. The next chapter will describe specific features of the HOPE VI program and how income mixing is being defined within the confines of the program.

The HOPE VI program was legislated as a result of the findings of the National Commission on Severely Distressed Public Housing. To reiterate, Congress established this Commission to identify the causes of distress, to make recommendations for ways to relieve the distress, and to create a national strategy to eliminate distressed conditions. The Commission related severe distress to both the physical conditions of large family public housing developments and the social conditions of residents within such developments. According to the 1996 HOPE VI Notice Of Funding Availability (NOFA), the program’s goals are:

1. altering the physical shape of public housing which requires demolition,
2. establishing positive incentives for resident empowerment and self-sufficiency,
3. using strict occupancy and eviction regulations to enforce tough expectations,
4. decreasing aggregations of poverty, and
5. forging partnerships between local institutions.\(^{37}\)

These goals are equally important to the program and together suggest a policy to reintroduce income mixing into public housing. While the NOFA does not explicitly state income mixing as a policy goal, four of the five goals listed indicate this position. The first goal concerns issues of design, a key determinant for successful redevelopment of public housing into mixed income communities. Successful mixed income

\(^{37}\) Ibid. Page 5.
developments are well managed according to the MHFA study *All In Together*.

Management issues are expressed through the third goal listed. Less directly related to successful redevelopment of public housing is the need to secure additional financing, both public and private. This need is addressed in the last goal. Goal number four most directly relates to the policy aim of reintroducing income mixing into large family public housing developments. In this chapter I will focus on the program design specifics intended to achieve each of the four goals relating to income mixing. My primary concentration will be on the goals focused on achieving the fourth goal. I will also discuss in this chapter how the program defines income mixing and the implications of this definition for the implementation process.

**Design**

Under HOPE VI, to make it easier for public housing authorities to decrease the aggregation of severe distress in their troubled developments, HUD relaxed its “one for one” replacement requirement. “One for one” meant that for every public housing unit demolished another had to replace it although not necessarily on-site. This flexibility was designed to permit the demolition of existing structures to occur more rapidly and to encourage public housing authorities to view demolition as a more economical choice over reconfiguration. Reconfiguration is often significantly more costly and the method by which the use of federal government modernization funds were restricted to in the past. Demolition allows public housing authorities to construct developments which appeal aesthetically to households representing a broader range of incomes.
Management

The Commission suggests that in addition to providing an array of services in troubled developments, there is another step which should be taken to reduce the aggregation of severe distress. “It appears that public housing communities are less difficult to manage and that it is easier to provide greater benefits to all residents if there is a mix of incomes to include a greater number of households with members who are employed.” The Commission went on to express its concern “about the lack of flexibility that most public housing authorities have in selecting households for severely distressed” developments and suggested that the “rules governing Federal preferences be amended to allow greater flexibility in using local preferences in selecting households for severely distressed public housing as a part of an overall revitalization strategy”.

In response to this concern, HOPE VI strongly encourages, but does not require, that proposals for redevelopment include strategies to increase the mix of incomes among the tenant population. To achieve this goal via tenant selection, public housing authorities may request waivers for these developments to the federal preferences regulations. Public housing authorities can also develop site-based waiting lists for HOPE VI developments in an effort to achieve income mixing and have more control over which households live in which developments. HOPE VI grantees are also allowed to request waivers to institute ceiling rents. Ceiling rents are seen as a way of

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39 Ibid. Page 70.
encouraging households whose incomes increase over time to not have their rent
contribution increase accordingly and thereby continue to live in the development.

To further address management issues, HUD is actively encouraging troubled
public housing authorities to contract out management services of HOPE VI sites to a
private management company. The hope is that a private company will presumably be
more responsive to residents and maintain the development in a better manner while
being cost effective. Also, if a private management company does not perform as
expected they can be replaced.

**Forging Institutional Partnerships**

HOPE VI attempts to reduce the concentration of poverty in severely distressed
developments by allowing funds to be used to develop units in the neighborhood which
such developments are located. This is done in an effort to integrate public housing
developments into their surrounding communities. HOPE VI also mandates that there be
an intensive planning process which must include the housing authority and the target
development’s tenant organization. Also, the inclusion of a mandated community and
supportive services plan for HOPE VI developments ensures that there will be
cooperation among public housing authorities and local institutions as well as
encouraging them to work with residents.
Decreasing Concentrations of Poverty

One approach to decreasing the concentrations of poverty in troubled public housing developments is through income mixing. Income mixing, as defined earlier, means providing units to households which include a range of income groups represented as some percentage of the median income in the local. However, public housing funds can only be utilized to subsidize households up to 80% of the local median income.

At the urging of private developers involved in HOPE VI projects who saw the opportunity to create mixed-income communities that would not be restricted by federal regulations, the HOPE VI Plus program was introduced in 1994. This program allowed HOPE VI funds to be used in conjunction with other affordable housing finance methods (i.e., debt financing, Low Income Housing Tax Credits, HOME) to create developments where there was a representation of incomes including those higher than 80% of median. Also, different housing and tenure types could now be included in revitalization plans. By 1995, all HOPE VI grantees were allowed the opportunity to creatively finance the revitalization efforts in severely distressed public housing developments and there is no longer a difference between the HOPE VI and HOPE VI Plus programs. The inclusion of other funding sources is a way of achieving HOPE VI’s goals of forging institutional partnerships and lessening the concentration of poverty.
**HUD’s Definition of Income Mixing**

The HOPE VI program supports and encourages public housing authorities to include income mixing into their revitalization strategies, yet it offers limited guidance as to what is meant by income mixing. The flexibility of HOPE VI leaves public housing authorities to answer on their own the questions of where income mixing is viable and what mix of incomes is feasible.

As noted previously, HOPE VI funds can only be used to subsidize construction or rehabilitation of units for households below 80% of local median income. In order to achieve an income mix which includes households above 80% of area median income in HOPE VI developments, traditional real estate finance tools (i.e. debt and equity) have to be utilized. Therefore HUD recognizes revitalization plans that include units for households above 80% of area median income not as mixed income but mixed finance.

Of the 39 sites originally awarded HOPE VI grants, 11 are proposing to include market rate units in their revitalized developments. This represents 9% of the total public housing units affected by HOPE VI through fiscal year 1995.¹⁰

Most public housing households have incomes below 17% of area median. This description applied to approximately 2.5% of the total public housing population in 1981 and about 20% a decade later. This indicates that there is a great enough challenge to

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attract households at 50% of area median into public housing. Attracting households earning above 80% of median represents an even greater challenge.

**Conclusion**

The HOPE VI program has several goals which relate both directly and indirectly to the policy of reintroducing income mixing into public housing. However, HUD’s definition of what income mixing is is not stated within the guidelines of the program. HUD’s unwillingness to be specific about an income mixing policy allows the parties implementing HOPE VI grants the flexibility to be creative when answering the questions regarding the viability and feasibility of income mixing on their own. This results in very different plans for income mixing depending upon the social, political and economic environments in which these decisions are made. The following chapter will look at Orchard Park and Mission Main and exemplify how true this can be.
CHAPTER FOUR

This chapter describes the preparation, planning and implementation of the revitalization plans for Orchard Park and Mission Main under the HOPE VI program focusing on the income mixing aspects of these plans. The chapter begins by providing background information on the Boston Housing Authority and the two public housing developments. Following these descriptions I present the events leading up to the application submission of the HOPE VI grants in both Orchard Park and Mission Main and how the implementation of these revitalization grants have proceeded thus far.

Boston Housing Authority

In 1980, the Boston Housing Authority (BHA) became the first in the nation to be placed into receivership. This act alone is an indication of the severity of the problems which plagued the Authority and resulted in deplorable living conditions for many of its residents. Aside from the flagrant administrative mismanagement within the BHA, several of the developments in its portfolio were poorly maintained, racially segregated and overrun by crime. Developments predominantly tenanted by minorities with low incomes were given little attention by the Authority and therefore exhibited these problems in greater intensity. Mission Main and Orchard Park were two such developments.

Throughout the 1980s the BHA strove to extricate itself from the issues that had gotten it into receivership in the first place. In many ways it was successful in doing so,
but in a number of the Authority’s more troubled projects, not the focus of the receiver’s attention, the problems deepened.

The end of the BHA’s receivership took place in 1990. In 1991, in one week alone, the Boston Globe reported four shooting deaths in the Orchard Park development. Between 1991 and 1992, the police report responding to 11 incidences per day at Mission. The arrest and conviction of Darryl Whiting, leader of the 100+ drug gang which operated out of Orchard Park, occurred in 1992. The Authority also became embroiled in administrative and political problems again. These events forced the city to notice Orchard Park and Mission Main and to take action as the threat of federal government intervention was always real.

**Mission Main**

*The Neighborhood*

The Mission Hill District is home to Mission Main, one of the BHA’s severely distressed family developments. Primarily residential and institutional uses exist in the surrounding neighborhood where residential developments consist mainly of single and two family dwellings, row houses and walk-ups. Mission Main is adjacent to Alice Taylor homes, a 600 unit public housing development also known as Mission Main Extension.
There is an impressive and thriving array of institutional uses in and around the District. Specifically, the Longwood Medical area is separated from the Mission Main development by Huntington Avenue. Within the Longwood Medical area there are five teaching hospitals and five institutions of higher education. A few blocks down from Mission Main on Huntington Avenue is the Museum of Fine Arts. Some commercial and office space exists in the center of this institutional area. Neighborhood shopping takes place along Tremont Avenue, the eastern boundary of the District. Public transportation is very accessible to Mission Main residents as there are bus lines down both Huntington and Tremont Avenues and subway stops for two lines at different corners of the site.

**The Development**

Mission Main consists of over thirty buildings which are three story walk-ups.

"When Mission Main was originally designed and built, little attention was paid to building differentiation."[41] The site initially had a unit count of 1,023. Over the years the BHA has combined units to accommodate larger household sizes. As of January 1996, there was a total of 822 units at Mission Main of which approximately 319 were vacant.

Mission Main was at the top of the BHA’s list of developments for occurrences of serious crime in 1994. The development and the area surrounding it was once commonly

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known as the largest open air heroine market in New England. Also, the Charles Stuart\textsuperscript{42} case in 1989 brought a great deal of attention to the problems around security at Mission Main.

\textbf{The Residents}

The residents of Mission Main are predominantly minority: 58\% Hispanic and 38\% African-American. Non-English speaking residents represent 21\% of the total number of residents. Most of the residents, 53\%, are under 18 years old. Eighty-four percent of the households at Mission Main are headed by single females. Over two-thirds of the households report no earned income with average household income approximately $9,000.\textsuperscript{43}

The Mission Main Tenant Task Force (MMTTF) is governed by a Board of Directors which is elected by tenants annually. Throughout its existence, the MMTTF has provided different types of social services some of which include education/employment programs, counseling referrals, and youth programs. While the MMTTF is supposed to represent the interests of all tenants at Mission, it is reported that there is a lack of tenant networks within the development. The MMTTF is disconnected from the larger network of community organizations in the area as well. This, in

\textsuperscript{42} Charles Stuart, a Caucasian man, murdered his pregnant wife near Mission and blamed it on an African-American male. The police quickly arrested a resident of the development as a suspect. Eventually Mr. Stuart's deceit was discovered and he committed suicide. The residents were infuriated especially considering that the Boston Police Department failed to respond nearly as quickly to the numerous complaints they had made regarding other crimes in the development.


**Orchard Park**

*The Neighborhood*

Orchard Park is located in the Lower Roxbury neighborhood in Boston. Roxbury is an established, densely developed residential and commercial community which has good access to Boston’s downtown via public transportation and public roadways. The Orchard Park development is bounded by three distinct neighborhoods: Mount Pleasant, CrossTown Industrial Park and Dudley Square.

Over the past few years there has been substantial private investment in Mt. Pleasant resulting in few vacant buildings or land parcels. However, as one approaches the edge sites of Orchard Park the vacancy rate skyrockets and the level of repair of the buildings plummets. Much of the land in the CrossTown Industrial Park area is unoccupied. Expanded economic opportunities are anticipated for this area as it is located in Boston’s Enhanced Enterprise Community. Dudley Square is one of Boston’s oldest neighborhood commercial centers and the principal neighborhood business center.
for the City’s African-American community. The street level space has active stores but there are many vacancies in several key sites and much of the upper level space.

*The Development*

Orchard Park is a 711 unit family development. As of 1994, nearly half of the available units were vacant and an additional 200 were boarded up in anticipation of modernization. Years of neglect on the part of both the Boston Housing Authority and the Boston Police Department have resulted in deteriorated physical conditions at Orchard Park and high incidences of serious crime. Orchard Park, in 1994, was second only to Mission Main among all BHA developments in the number of reported crimes per year. The lack of defensible space and isolation contributed to Orchard Park becoming home to one of the nation’s most notorious drug gangs.

*The Residents*

Orchard Park’s households are predominantly African-American, headed by single females. Fifty-four percent of the individuals living in Orchard Park are younger than 14 years old. Almost a third of the total households report incomes under $10,000. Fifty-seven percent of Orchard Park’s residents over 18 years old report income other than wages and 10% of this group reports that they have no income at all.

Despite these problems, Orchard Park has a cadre of long time residents who remain committed to doing their best to keep their homes relatively decent. The Orchard Park Tenants Association (OPTA) is one of the strongest of its kind in the City. The
OPTA fought for many years to receive full funding for the rehabilitation of Orchard Park. To achieve this end they met with mayors, state legislators, congressmen, senators and the former Secretary of the US Department of Housing and Urban Development (HUD), Henry Cisneros. The OPTA also submitted an application to HUD for Family Investment Center funding. While the proposal was not funded, the OPTA established strong ties during the preparation of the application with the community organizations, local businesses and non-profit agencies providing services in the area. These experiences have provided opportunities for tremendous learning. As a result, the OPTA is well-organized and sophisticated.

**HOPE VI Comes to Boston**

The U.S. Department of Housing and Urban Development (HUD) introduced the HOPE VI program in 1993. Public housing authorities that were on HUD’s troubled list and or were among the 40 largest in the nation were eligible to apply. The HOPE VI program required public housing authorities to substantiate the severity of distress in the development which they proposed for revitalization. The Boston Housing Authority, in 1993, met all of the eligibility requirements and had at least two developments, Mission Main and Orchard Park, which would meet the criteria for severe distress.

**HOPE VI in Mission Main**

*Preparation and Proposal*
Mission Main’s location combined with the its crime problems made it possible for the development to receive a great deal of attention in the media. The institutions which are located around Mission had attempted to get ownership of the development for many years. This proved impossible and the institutions continually pressured the BHA to renovate Mission and to address the social problems associated with the development. These extraneous political forces undoubtedly played a role in the BHA choosing Mission Main as the site for its HOPE VI application in 1993 over Orchard Park.

The preparation for the submission of the HOPE VI proposal involved the BHA meeting with the MMTTF and representatives from local institutions and community groups to develop the revitalization plan. Design issues were discussed and a plan was developed which included the reduction in the unit count from 822 to 535 to be done through complete renovation of the units designed to increase the amount of living space in each unit.

Income Mixing

The proposal describes the means by which the BHA will improve their management at Mission Main; one of which is creating a mixed income community. “We will actively seek to get a population that includes a mix of working families and the very poor. We are seeking a local preference to allow us to fill vacancies at Mission Main by taking two applicant households with incomes between 50% and 80% of median
for each very low income applicant. This ratio will be maintained until one-half of resident households have incomes at or above 50% of median.”

The proposal also addresses income mixing when describing occupancy and screening of tenants at Mission Main post-revitalization. “To support this income mixing strategy, the BHA is also seeking a waiver to allow a development-specific waiting list. The development-specific waiting list will enable the BHA to affirmatively market the revitalized Mission Main development, improving the ability to attract the “higher” income tenants.”

Conversations with the project director of the time, Amy Schectman, reveal an envisioning of income mixing that includes households with incomes above 80% of the area median. “Its (Mission Main’s) location makes it an ideal candidate for true income mixing.” Ms. Schectman expressed the hope than the development’s proximity to the Longwood Medical Area would draw people whose incomes were significantly higher than the current residents.

The planning process with the BHA and the MMTTF took place over approximately six months. This is a short period of time to plan for such an immense undertaking. The process was not extensive although it did produce strategies to improve

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46 Ibid. Page 100.
management, decrease the density and to achieve income mixing at Mission. The BHA submitted this application and was subsequently awarded $50 million under HOPE VI for Mission Main in 1993.

**Implementation**

In the midst of the preparations for the physical renovations at Mission, the HOPE VI revitalization was put on hold. By December 1994, the HOPE VI plan for Mission Main was suddenly being scrutinized by city officials and was found to be inadequate in two areas: it did not include a strategy to redevelop the sites surrounding the development and that there had been a community center erected in the middle of the development. It was believed that the first failed to integrate the development into the surrounding communities and that the second would further isolate residents. On top of this it was discovered that the costs of renovation had been underestimated by $10 million. This was the primary reason renovation ceased. Irrespective of the reason for the delay in redevelopment, in January 1995, while management had been improved, Mission Main looked worse than it did when the BHA applied for the HOPE VI award because several additional units had been vacated and boarded up in preparation for the renovation.
In March 1995 Amy Schectman left the BHA. This caused further delays in the implementation of Mission’s HOPE VI revitalization effort. A new director, Deb Goddard, was brought on board later that year. Also in 1995, the BHA determined that the costs of renovation at Mission Main were both unreasonable and unacceptable. Demolition was a more economical approach to revitalizing the physical structure of the development. It was decided that a new proposal was going to have to be submitted to HUD requesting approval for the demolition.

Ms. Goddard, in an attempt to address the perceived flaws in the HOPE VI plan for Mission Main as well as the $10 million shortfall, approached the MMTTF with the idea of submitting a new proposal to HUD under the HOPE VI Plus program. The new proposal would include plans for revitalization in the surrounding neighborhood as well as on site. This would serve to answer city officials concerns regarding the isolation of Mission Main residents as well as neighborhood integration of the development. HOPE VI Plus would allow the BHA to be innovative in its financial leverage of the federal dollars granted under the program. Introducing leveraged financing meant bringing in a private developer who could acquire the equity investment needed to pull off the deal.

Whether a new proposal for Mission Main was submitted to HUD under HOPE VI Plus or HOPE VI, demolition was the new course of action for Mission. When the BHA approached the tenants with this news it was not well received. The MMTTF was already distrustful of the BHA and this change in plan was viewed as yet another reason
to be suspicious regarding the intent of the BHA at Mission Main. The MMTTF rejected the idea of HOPE VI Plus. The relationship became even more strained.

The proposal for the demolition of Mission Main under HOPE VI was submitted to and approved by HUD. A Request For Proposals (RFP) hit the street for developer’s to bid on the redevelopment. The RFP provided an overview of the BHA’s vision for the Mission Main revitalization including such issues as design specifications, legal structures of organizations to be involved, management of the development and resident participation in the process. The RFP was also infused with language concerning the introduction of income mixing at the site. Income mixing was seen as a key element in the revitalization strategy.

The RFP reveals that the second goal of the BHA in relation to Mission Main’s HOPE VI revitalization plan is “building high quality housing that will attract and retain a broad income mix”\(^48\). The same document states that the first objective of the design guidelines is to “build a minimum of 535 public housing units within a larger mixed income community”\(^49\). In describing parameters for potential developers regarding the unit count, the RFP expresses “that it is very important that this (Mission Main) be a mixed income site”\(^50\). This sentiment is reiterated in the RFP when it provides guidelines for the financing plan to be submitted by developers as part of their response to the RFP.


\(^{49}\) Ibid. Page 8.

\(^{50}\) Ibid. Page 12.
“It is also very important that this be a mixed income site. Developers are encouraged to develop plans that they think will provide a healthy and stable mixed income community. Developers should describe the mix of physical structures, bedroom sizes, income levels and housing tenure they believe would be successful on this site. It is more important that developers propose development plans that they strongly believe will work rather than that you match any predetermined ideal notion of an ideal mix of units and incomes.”  

This paragraph indicates that the range of income groups in the mix is to be decided by the developer. The developer is allowed to define income mixing in any manner they wish as opposed to being provided with a “predetermined ideal notion” of what the right mix of income groups should be. Any mix of income groups that will work, meaning one that will lead to a “healthy and stable mixed income community”, is acceptable. Developers are also charged with deciding what constitutes such a community. It is unclear whether healthy and stable refers to the financial health of the development, the social and economic health of the residents or some combination of the two.

The developer selection process was impregnated with the tension which had become par for the course in relations between the BHA and the MMTTF. The BHA slightly favored a proposal submitted by Mission With Vision Limited Partnership. This

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51 Ibid. Page 18.
was a partnership between a for profit development company (Edward A. Fish Associates), a minority-owned construction company (Cruz Construction) and an affiliated for profit management company (Peabody Property Management).

Their proposal begins by proclaiming the redevelopment effort as “the chance of a lifetime” for Mission Main’s residents as well as for the Mission Hill community.

Mission With Vision’s revitalization plan claims to use Mission Main’s location, resident participation and the provision of social and economic services to create “a cohesive and vibrant neighborhood, for social and economic integration into the Mission Hill community...” The proposal asserts that under their plan, Mission Main “will be a center for social and economic services that will help residents across a broad range of incomes become part of the larger community...” Their preferred plan was an 835 unit redevelopment of various unit sizes for a range of income groups (see Table 1 below).

Table 1

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</table>


53 Ibid. Page 2.
The MMTTF, on the other hand, greatly favored a proposal submitted by Arthur Winn Organization. The Winn proposal called for 535 units (the minimum the BHA identified in the Request For Proposals) available to households at or below 60% of local median income. The rationale for this total unit count given by Winn is that “the density studies...have indicated that pushing total unit loads...beyond this level would necessitate the construction of more complex and expensive building types. This, along with our concerns for long term neighborhood viability and displacement minimization, has framed our programmatic decisions.\textsuperscript{54} The rationale for the income mix proposed is that current residents of Mission Main have “average family incomes in the range of 17 percent of median family income for the Boston area. While it is likely that this figure will increase over time as a result of the success of supportive services and opportunities for training and employment, we will also target our marketing efforts to higher income families”\textsuperscript{55} than those which currently exist at Mission Main. “This moderate income diversification program will not result in the dislocation of any current Mission Main residents.”\textsuperscript{56} This is the extent of the discussion of income mixing in the Winn proposal.

The unit count and income mix proposed by Winn is predicated on two assumptions. First is the household sizes of current Mission Main residents. Second is that there will be a 5% turnover rate each year in each unit size category. Upon turnover the units will be rented to households whose incomes are at or below 60% of local


\textsuperscript{55} Ibid.

\textsuperscript{56} Ibid.
median income so that by the year 2015, the income mix will be what is represented in Table 2 below.

Table 2

Mission Main Redevelopment
Proposed Unit and Income Mix

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>% of Median</th>
<th>Unit Count</th>
<th>% of Median</th>
<th>Unit Count</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>18%</td>
<td>32</td>
<td>60%</td>
<td>96</td>
<td>128</td>
</tr>
<tr>
<td>2 BR</td>
<td>15%</td>
<td>52</td>
<td>60%</td>
<td>157</td>
<td>209</td>
</tr>
<tr>
<td>3 BR</td>
<td>15%</td>
<td>37</td>
<td>60%</td>
<td>113</td>
<td>150</td>
</tr>
<tr>
<td>4 BR</td>
<td>16%</td>
<td>9</td>
<td>60%</td>
<td>28</td>
<td>37</td>
</tr>
<tr>
<td>5 BR</td>
<td>19%</td>
<td>4</td>
<td>60%</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>6 BR</td>
<td>17%</td>
<td>0</td>
<td>60%</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>134</strong></td>
<td></td>
<td><strong>401</strong></td>
<td><strong>535</strong></td>
</tr>
</tbody>
</table>


The MMTTF threatened to disrupt the HOPE VI implementation process or return the grant to HUD altogether if their choice for developer was not selected. In an effort to compromise and move forward with the revitalization, the BHA asked the two teams to form a joint venture. The two did just that and a development agreement between the joint venture and the BHA was signed in the fall of 1996.

Following the merger, the Mission With Vision Limited Partnership informed the BHA that its proposal for a mixed income site was not viable. According to Ms. Goddard, “they made quite a point, I think trying to attract the tenants to their side of the argument, they (the development team) kept making the point that you would be wasting precious HOPE VI dollars by building market rate housing because market rate housing is not self-sufficient. You (the BHA and the MMTTF) would be spreading some of your HOPE VI dollars into the capital budget for the market rate units. My point back to them
was ‘yeah and that’s the way it’s done’. That’s inevitable but the benefits you get outweigh those drawbacks.\textsuperscript{57,58} The BHA was unable to get the development team or the MMTTF to see the viability or value of their approach and decided to concede the point.

By the winter of 1996 the redevelopment at Mission Main continued to be at a standstill. The BHA’s revised site plan for Mission Main called for a land swap with a local institution which would serve to better integrate the development into the surrounding neighborhood. While the institution was in favor of the land swap, the MMTTF fought hard against it. Resolving the issue consumed a tremendous amount of time. In addition, the development team utilized this problem to forestall moving forward with their development schedule.

The implementation process of the HOPE VI grant at Mission Main has been imbedded with delays and controversy. At the time of this writing (spring 1997) the land swap has been resolved. The private management company is now operating at Mission Main and management is greatly improved. Through the joint efforts of the BHA, the Boston Police Department and the management, tenants feel safer. However, the physical reconstruction of Mission Main has yet to begin. The Mission Main trio is currently embroiled in a battle over the cost of the project causing further delays. HUD is

\textsuperscript{58} The construction of market rate units is more costly than rents will be able to support for the first few years of a project. Generally, residential developments constructed for moderate or middle income households do not begin to pay for themselves until approximately five years after initial rent-up. Therefore, in order to carry less debt on units for such households, some of the HOPE VI funds would have to be spent subsidizing their construction leaving less money available to build units for lower income households. Ms. Goddard understands this yet sees the theoretical benefits of income mixing worth more than the initial loss of revenue.
threatening to rescind Mission’s HOPE VI grant unless the project moves forward. The original concept of redeveloping Mission Main into a mixed income community is in jeopardy of never being realized. To determine what factors may have led to the state of affairs at Mission Main a comparison of the progress of HOPE VI at Orchard Park is in order.

HOPE VI in Orchard Park

Preparation and Proposal

In 1992 the BHA was awarded $35 million through the Comprehensive Improvements Assistance Program, the Comprehensive Grant Program, and the Comprehensive Modernization Program. Orchard Park was slated to receive some funds from each of these programs in order to renovate 126 of the 711 units in the development. The BHA’s architect, Hank Keating, began meeting with the Orchard Park Tenants Association to discuss design and implementation of the program for months prior to HUD awarding the grants to the BHA.

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60 Under these programs only rehabilitation of developments were allowed. Prior to HOPE VI, demolition of existing public housing units could only occur if another unit were constructed or replaced by an off-site unit. This “one for one” replacement requirement served as a deter housing authorities to demolish units even when the cost of demolition was less than that of rehabilitation. The original version of the HOPE VI program did away with the “one for one” requirement to encourage housing authorities to demolish units in efforts to decrease density on HOPE VI sites. The 1996 version of HOPE VI actually makes demolition a mandatory part of a housing authorities proposal.
The OPTA, like most residents in public housing, was distrustful of the BHA as an institution. Despite this they had worked diligently with Mr. Keating to understand the costs of reconfiguring existing structures. The architect patiently worked with them to remain within the design specifications of public housing and the budget for the project. Early on in this process it became apparent to the architect that there was a misunderstanding on the part of the OPTA about the amount of funding they had received. The OPTA were led to believe that Orchard Park was to receive the full $35 million award rather than simply a portion of it. Once this became known, the architect explained the difference. As would be expected, the OPTA was infuriated by this revelation and felt that this was yet another example of the BHA not taking them seriously. A heated exchange occurred between the BHA and the OPTA. After the dust had settled, the OPTA had gained a new ally within the BHA administration. The architect was the first person from the Authority who had consistently dealt with them honestly and respectfully.

In 1995 the federal government threatened to take back the CIAP funds because the Authority had failed to use the money expeditiously. The planning phase for the rehabilitation between the BHA and the OPTA had been extensive and produced a strategy which was satisfactory to both parties. However, only 126 of the total 711 units would be rehabilitated. Through the planning process, the OPTA’s became knowledgeable about the true costs and compromises involved in reconfiguring existing structures as opposed to demolishing them and building anew.
The relocation phase required for the modernization at Orchard provided the opportunity for the OPTA to become sophisticated about the consequences involved in redevelopment. The renovation of such a large number of units entailed moving some households off-site because many of the units in Orchard Park were uninhabitable. Each household was guaranteed the right to return to the development or to receive a Section 8 certificate. The number of households relocated off-site with rights to return was 138. By the end of the relocation phase that number was down to 128. Once families had been moved off-site and settled into their new surroundings, they were reluctant to move again, even if they had the opportunity to return to an “improved” Orchard Park.

Following relocation, Orchard Park was ready to begin the physical renovations. However, $5 million was merely enough to begin the project. Everyone knew that in order to truly bring about change to the development there would need to be a complete overhaul of Orchard Park and yet all knew that having enough money to do that was highly unlikely. The renovations proceeded with this knowledge in the backs of everyone’s minds. As the chairperson of the OPTA put it, the general disposition of residents regarding this was that “something is better than nothing. You’ve got to start somewhere and once we’re into this it will be easier to force people to give up the money needed to finish it”.

At this point, in the summer of 1995, the HOPE VI Plus Notice of Funding Availability (NOFA) from Washington was made available. The BHA saw this version of
the program as a perfect opportunity to deal with the cost issues of reconfiguration at Orchard Park and to turn around the entire site by developing on the numerous vacant lots surrounding the development. This would allow Orchard Park to be physically reknitted into the surrounding areas.

**Income Mixing**

The planning for Orchard Park’s HOPE VI Plus proposal centered around issues of design, reintegration of the development into the neighborhood and strategies to achieve a mix of incomes among residents. This process was an extension of the planning which occurred for the rehabilitation. Now that it was possible to do demolition without the replacement restrictions it was possible for the residents to *really* get improved housing. HUD, the BHA and the OPTA all desired that the population density on the site be decreased. The proposal called for the replacement of the 711 unit public housing development with 544 public housing units and 89 non-public housing units on the original site, edge sites and in the surrounding neighborhoods. The proposal integrated the renovations occurring as a result of the Comp Mod as Phase I of their redevelopment strategy for Orchard Park under HOPE VI Plus. There would be a representation of unit types, sizes and incomes: rental, cooperatives and homeownership.

Table 3

<table>
<thead>
<tr>
<th>Income Categories</th>
<th>Rental/Cooperative</th>
<th>Homeownership</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>288</td>
<td>0</td>
<td>288</td>
<td>45%</td>
</tr>
</tbody>
</table>
The discussion between the BHA and the OPTA regarding income mixing went relatively smoothly. The OPTA was presented with the facts that including strategies to achieve income mixing would greatly increase the likelihood of receiving the HOPE VI Plus award. The BHA felt that because of Orchard Park’s location, its proximity to Dudley Square and the characteristics of the surrounding Mount Pleasant neighborhood, income mixing in the public housing development could be successful.

The OPTA was in agreement with these ideas and believed that income mixing would result in a healthier community. Conversations with members of the OPTA reveal their commitment to income mixing and their belief in the benefits it could potentially provide to the development. During an interview with the members of the OPTA a woman explained to me that “we don’t want to be a pocket of poverty. We want role models. We want more people who go to work everyday. This will be good for us and stop making people think that all of us are welfare queens, drug addicts or dealers”.

Reviewing the HOPE VI Plus proposal submitted to HUD reiterates these sentiments.

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“Proximity to working families helps challenge the culture of dependence, counter the sense of hopelessness, and provide non-working families with real contacts in the job market. Income mixing also facilitates communities of mutual respect and support, providing the necessary backdrop to taking on personal challenge.”

The OPTA understood that as a result of income mixing some of the current residents would not be there at the end of the redevelopment. Their experience with the Comp Mod made them aware that losing residents was a natural process of relocation and redevelopment. The mixed income concept was endorsed despite this knowledge. Actually the OPTA saw this process as an opportunity to rid themselves of certain “trouble” tenants.

In December 1995, the Orchard Park HOPE VI Plus proposal successfully garnered the BHA a $50 million award to redevelop the site. The proposal called for the inclusion of 575 rental apartments scattered on- and off-site. These rental units are divided into three categories: low-income, moderate-income and market-rate units (see Table 4). Rents for 288 of these apartments (50%) would be made affordable to households earning at or below 50% of the area median income. One hundred forty-four of the apartments (25%) have rents set to accommodate households earning between 45%

and 60% of the area median income. The remaining 143 units (25%) will be available at market rates defined as being available to households whose earnings are up to 80% of the area median income.

Table 4

**ORCHARD PARK HOPE VI PLUS**

*Proposed Income Mix of Rental Units*

<table>
<thead>
<tr>
<th>Income Categories</th>
<th>Original Site</th>
<th>Edge Sites</th>
<th>Mount Pleasant</th>
<th>Dudley Square</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>%</td>
<td>Total</td>
<td>%</td>
<td>Total</td>
</tr>
<tr>
<td>Low</td>
<td>160</td>
<td>50%</td>
<td>25</td>
<td>50%</td>
<td>65</td>
</tr>
<tr>
<td>Moderate</td>
<td>80</td>
<td>25%</td>
<td>13</td>
<td>26%</td>
<td>33</td>
</tr>
<tr>
<td>Market</td>
<td>80</td>
<td>25%</td>
<td>12</td>
<td>24%</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>320</td>
<td>100%</td>
<td>50</td>
<td>100%</td>
<td>130</td>
</tr>
</tbody>
</table>

*Orchard Park HOPE VI Plus Proposal; Boston Housing Authority; September 1, 1995*

**Implementation**

The developer selection process was quite uneventful. All parties involved agreed that the proposal submitted by Madison/Trinity was the perfect match for the Orchard Park redevelopment. Deb Goddard of the BHA claims “that proposal was the best by across both (Orchard Park and Mission Main) sites. The human element, the real emotional integrity and understanding of the program came through. It was really enjoyable to read”. Ms. Bynoe, chairperson of the OPTA calls Madison/Trinity “a terrific team. Maloney Properties (Madison/Trinity’s designated management company) only works with non-profits and resident controlled housing. They know the administrative issues we’ll have to deal with. Madison developed and operates a mixed income
development in the neighborhood and that experience can only benefit us at Orchard Park”.

Thus the commitment on the part of the BHA, OPTA and now the development team to redevelop Orchard Park into a mixed income community has consistently been there. However, the devil is in the details. Wanting income mixing and achieving it are two different things especially when those wanting it are to be affected by the means of how it is to be achieved.

The end of 1996 brought the end of Phase I of the redevelopment process at Orchard Park. The reconfiguration of the 126 units begun using the modernization funds previously awarded was completed and it was time to begin moving tenants into those units. A debate began between the BHA, the OPTA and the development team over which families would get to occupy those units. The BHA and its consultants strongly believed that if they were committed to income mixing then mixing should begin in this phase of the redevelopment. The OPTA strongly believed that residents had endured quite a bit of discomfort throughout the redevelopment process thus far and should begin to reap the rewards of their patience and commitment. They were also fearful that this was an attempt on the part of the BHA to permanently dislocate residents who had been moved off-site for this phase of the redevelopment. Members of the development team saw this issue as an opportunity to win points with the OPTA and therefore sided with them.
This is an example of how reality can threaten to keep lofty ideals such as income mixing from actually happening. The BHA believed that relocating tenants into the Phase I units would make it that much more difficult, if not impossible, to move them out at the end of the redevelopment process. Income mixing would not occur because the existing residents were predominantly very low income. This situation would result in the buildings in Phase I being stigmatized as “where the poor people live”. Also, families occupying these units would result in wear and tear and decrease the units’ marketability. The BHA managed to convince the OPTA of the validity of their arguments and are in the process of reaching a compromise. Existing tenants will be relocated into the Phase I units with the understanding that upon completion of other phases they will have to move again. As much as possible, income mixing will occur but many residents with the lowest incomes will certainly have to move again.

The plans for Orchard Park include integrating the development into the larger community. Phase II of the redevelopment calls for the construction of 90 units on-site (following the demolition of 246 units) and 110 units in the surrounding Mount Pleasant neighborhood. The tenants who will need to be relocated from Phase I in order to achieve income mixing in those units will most likely be moved to the off-site units. One such tenant is Edna Bynoe, chairperson of the OPTA. Her current higher income status makes her an excellent candidate for the Phase I units. However, by the time Phase II is completed she will have retired and she will then be an excellent candidate for relocation into those units. Ms. Bynoe is not at all excited about the possibility of moving twice in
two to three years and less thrilled about the idea of moving off-site. She is committed to “seeing this thing through” and puts her personal issues to the side for the greater good of the Orchard Park community.

Another potential threat to the achievement of income mixing in Orchard Park is the lack of a well-defined marketing strategy. While crime at Orchard Park is not as prevalent as during the reign of Darryl Whiting, there are still considerable problems. The development’s reputation for crime will undoubtedly present a challenge in attracting non-public housing eligible residents into the development. Surprisingly, the development team seems to not have given this much serious consideration.

A market study was conducted as part of the preparation for the HOPE VI Plus proposal for Orchard Park. It revealed that the proposed rents to be charged to low- and moderate-income households at Orchard Park upon completion of the revitalization were approximately 20% below market for comparable units in the area. The proposed rents for market-rates units at the development were also below average rents (approximately 20%) for units similar in size in the surrounding community. This places Orchard in a position of considerable market advantage. However, no where is there any discussion of how the perception of crime will affect the marketability of units, particularly in relation to households with incomes above 60% of the area median income. The ability to attract and retain tenants whose incomes fall in this category is an integral part of the financing strategy for the development.
Representatives of Madison/Trinity and Maloney Properties express confidence and comfort about the issue of marketing the redeveloped Orchard Park. They recognize the challenges around the marketability of Orchard Park due to the crime problems in and around the development. However, “for the time being, to a great extent, our hands are tied”, says Danette Jones, executive director of Madison Park, one half of the Madison/Trinity development team. This is due to the fact that a management contract has not yet been signed. The BHA is still in charge of management at the development. Ms. Jones bases her confidence about marketing on her experience at Madison Park Village, which is a mixed income development located just a few blocks from Orchard Park. “We have some of the same issues here”, says Ms. Jones, “but there’s always a waiting list for Madison Park Village. Once we get control of the site we’ll be in a better position to address those issues. It will never completely go away but it will be significantly improved”.

The implementation process of the HOPE VI grant at Orchard Park has proceeded relatively on schedule. At the time of this writing (spring 1997) the BHA is preparing to turn management over to Maloney Properties. The relocation issues concerning Phase I has been resolved to the satisfaction of all parties involved. Phase II construction is scheduled to begin in the summer of 1997. The OPTA’s and the BHA’s original vision of redeveloping Orchard Park into a mixed income community has been the driving force behind the process.
Conclusion

Reviewing the planning and implementation of these two HOPE VI grants allows one to see how the problems encountered during implementation can affect the original vision. How this applies to my initial inquiry regarding the absence of well-defined policy goals requires some further probing into the process. The possibility for success of redeveloping severely distressed large family public housing developments into mixed income communities under the HOPE VI program in the absence of clear national policy guidelines is also an issue for further investigation. This analysis is the purpose of Chapter Five.
CHAPTER FIVE

The case studies of Orchard Park and Mission Main provide the data with which to analyze how the relationship among key players effects the planning and implementation processes of an income mixing policy. The chapter begins by examining the cases using the analytic frameworks developed by Keyes et al.\(^{63}\) and Lawrence Vale.\(^{64}\) The chapter ends by discussing the role HUD plays in promoting the creation of the contradictory income mixing policies which we see in our cases.

**Effective Institutional Networks**

Keyes et al. argue that nonprofit housing sponsors are supported by an institutional network consisting of other nonprofits, local and state governments and private lending institutions. The four characteristics that have allowed these networks to function effectively are long term relationships of trust and reciprocity, shared vision, mutual interest and financial nexus. While the authors are focused on the nonprofit sector’s involvement in the production of affordable housing, three of these characteristics provide a useful way to examine how the relationship among key players effects the planning and implementation processes of income mixing policies in our two cases.


Long-term Relationships of Trust and Reciprocity

My study shows that this dynamic existed at Orchard Park. By the time HOPE VI came to Orchard, the OPTA and the BHA had been involved in the process of planning for the implementation of a modernization grant. Madison Park is a community development corporation which operates in the same neighborhood as Orchard Park. Madison Park and the OPTA already had a relationship as Madison was solicited to write a letter of support for the HOPE VI application. Although there were disagreements, each group of the trio recognized and valued the benefits the others bring to the process.

A similar history is not the case at Mission Main. The long-term relationship between the BHA and the MMTTF is filled with mistrust. Over the history of the planning and implementation of the HOPE VI grant the BHA has changed both leadership as well as the substance of the redevelopment plan (from substantial rehab to demolition). The Winn/Peabody development team had no relationship with either the MMTTF or the BHA prior to the HOPE VI program.

Shared Vision

The HOPE VI grant is a tool used to actualize the vision the OPTA has for the revitalization of their development into a mixed income community. The BHA and Madison/Trinity both share in this vision. All members of the Orchard trio use this shared vision as the basis for decision making which is also supported by the mutual trust that exists among the groups.
At Mission Main, the HOPE VI grant is a tool being used to create a vision unlike the case at Orchard Park where there was a vision before HOPE VI. This effects an income mixing policy because each member of the Mission Main trio have different ideas of what income mixing is as well as different reason for advocating their vision of income mixing at Mission. There is no shared vision among the trio and the lack of trust which exists makes it difficult to create one.

**Mutual Interest**

Each member of the Orchard Park trio has a mutual interest in revitalizing the development into a mixed income community. Each group benefits from a mixed income policy which is innovative and recognizes that they need the other groups to see such a policy come to life at Orchard Park. The Mission Main trio has no mutual interest. The MMTTF actually views the introduction of an aggressive income mixing policy as a loss.

These three characteristics of effective institutional networks have helped to examine why the income mix at Orchard Park is broader than at Mission Main. The most important of these is the shared vision which is supported by the other two. This vision needs to present from the beginning, and if it is not, then there needs to exist trust and reciprocity among key players in order to create a vision which is innovative.

**Measures of Success**
Lawrence Vale also offers a framework for analysis which is useful in examining why Orchard Park’s income mix is more aggressive than Mission Main’s. Vale, as a result of his study of three redevelopment efforts at public housing developments undertaken by the BHA, outlines seven measures of success:\(^{65}\) His case studies are of three completed redevelopments, none of which included an income mixing policy. While the redevelopments in my study are far from complete, we can use two of Vale’s measures of success, smooth implementation and increased tenant organization capacity, to support the importance of effective institutional networks in such major revitalization efforts as Orchard Park and Mission Main are undertaking.

**Smooth Implementation**

Vale defines this as a construction process, including the relocation of residents, which remains on schedule and within budget. The likelihood of having such a complex process occurring at precisely the time planned and at exactly the predetermined cost is quite slim. There are bound to be delays and overruns which interrupt the process. The capacity to deal with such problems efficiently and effectively as they present themselves is a sign of smooth implementation. The Orchard Park trio has demonstrated the capacity to deal with delays and change. The Mission Main trio has demonstrated the opposite. The change in the BHA leadership was accompanied by changes in the overall

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redevelopment plan at Mission. The redevelopment was stalled because of disagreements over costs and design issues. The lack of capacity to efficiently and effectively deal with change among the Mission Main trio has resulted in an implementation process which has been protracted over three years.

Vale alludes that, in the development he describes as the most successful of the three he studied, “the quality of the relationship among the various parties during the process”\textsuperscript{66} contributed to a smooth implementation process. This point relates back to Keyes et al.’s first characteristic of long-term relationships built on trust and reciprocity. In Vale’s study, the development he found to be least successful was plagued with “open conflicts about how to proceed and . . . turnovers of leadership”\textsuperscript{67}. We can use this description of a “confluence of personalities” to assert that the relationship among the Orchard Park trio and the continuity of membership have contributed to a smooth implementation of an income mixing policy thus far.

\textit{Increased Tenant Organization Capacity}

Vale relates that the level of tenant involvement at the redevelopments he describes as successful and moderately successful was “striking”. According to Vale, this measure of success refers to the quality, not the quantity, of the tenant’s participation. “More than mere numbers, what seems key is the degree to which the

\textsuperscript{66} Ibid. Page 510.
\textsuperscript{67} Ibid. Page 510.
redevelopment efforts . . . were carried out as true partnerships. . . a great deal of time was spent on improving the climate of negotiation in ways that made clear the value of resident input.\textsuperscript{68} The value of the OPTA’s input had already been established in their pre-HOPE VI planning sessions with the BHA.

In defense of the BHA, the time frame for the planning and implementation of the HOPE VI grant at Mission Main did not really allow for the development of an advantageous relationship between the two. The MMTTF and the BHA did not have the time to develop a relationship in which the level of mutual trust and respect that exists between the OPTA and the BHA was present. However, this point further substantiates the necessity of the first characteristic of effective institutional networks. What Keyes et al. argue is that in order for such networks to be effective, long-term relationships of trust and reciprocity should ideally already exist. If these characteristics do not exist they should be developed during the process.

**HUD’s Role**

Vale’s measurements of success and Keyes et al. show that the relationships among key players is a factor in deciding upon the ranges of incomes to be represented in a income mixing policy. While some responsibility for the income mix proposed at Mission Main and Orchard Park rests with the respective trios, the ultimate responsibility lies with HUD. The agency intended HOPE VI to provide the forum in which such relationships could be developed. HUD, in designing HOPE VI, did not have the

\textsuperscript{68} Ibid. Page 515.
foresight to see the crucial role the existence of good long-term relationships play in the planning and implementation of an income mixing policy.

There are also two other program design issues which have contributed to the income mixes proposed at the HOPE VI sites studied: flexibility and developer orientation.

**Flexibility**

This agency’s reluctance to be more specific about what they mean by income mixing, in an attempt to provide HOPE VI grantees with flexibility, opens the door to the interpretations of this concept represented at both Orchard Park and Mission Main. I recognize the need for flexibility especially when it comes to a policy such as income mixing because a viable mix is dependent on factors which can be substantially different in each case. However, flexibility in the absence of a firm national policy to serve as a guide can lead to mixed income housing which either leans toward high end market rate units or is substantially subsidized. The latter indicates that the housing would be eligible to predominantly lower-income households, as is the case with Mission Main.

**Developer Orientation**

Another reason HUD has to take ultimate responsibility for the proposed income mix at Mission Main is that by inviting for profit developers into the process, the agency has increased the likelihood of having income mixes which are heavily market-driven or
heavily subsidized. To understand this dynamic more fully, I will use the distinction between nonprofit and for profit developers David Crowe puts forth in his critique of the Keyes et al. argument.

Crowe argues that there are three distinctions between for profit and nonprofit developers: profit motivation, capture of externalities and the need for subsidy. Differentiating between these two types of housing providers based on their profit motivation is superficial according to Crowe. I would argue that even using the need for subsidy to differentiate between the two is superficial because in the development of affordable housing any type of firm will require subsidies to produce housing as it costs more to build than low and moderate income households can afford to support with their rental contributions. The most striking distinction, in my opinion, is how each firm seeks to capture the externalities created by the production of housing.

The production of housing and community development are interwoven. “Improved and fully functioning housing provides positive externalities to the community, and the community in turn affects the sustainability of housing by providing the right environment.” Both for profit and nonprofit housing developers understand this. However, the manner in which they seek to distribute the externalities is dependent on how each orders two primary objectives of housing production which are neighborhood stabilization and the profitable sale or rental of housing.

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70 Ibid. Page 237.
Nonprofit housing developers, because they are usually borne out of community concerns, sees neighborhood stabilization as their primary objective. They are in the business of housing production to first meet the requirements of the existing neighborhood. The profitable sale or rental of housing is their secondary objective and serves to support the first. Nonprofit housing developers seek to distribute the positive externalities created by the production of housing to the community.

Conversely, for profit developers see the profitable sale or rental of housing as their primary objective. “So it is reasonable to expect that for-profit, market-driven developers focus primarily on generating the community from the housing to be created ... rather than on fulfilling the needs of the existing neighborhood... To the greatest extent possible, the for profit developer is seeking to internalize the positive externalities of the housing improvements.”

In redeveloping public housing into mixed income communities, the for profit developer is not as likely to be concerned with meeting the needs of the existing neighborhood. A for profit developer’s primary objective is the profitable sale or rental of housing which leads to an income mix which either leans heavily to higher income market rate units or heavily subsidized units. These are the two least complicated ways to achieve the primary objective. However, public housing has a social role which is in

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71 Ibid. Page 237.
conflict with the for profit developer’s primary objective. Because HUD either does not recognize this dynamic of for profit developers or refuses to acknowledge it and at the same time the agency does not take a firm position regarding income mixing policy, it invites interpretations of income mixing which do not fully meet the social role of public housing or the needs of the existing residents. One can say that it is no accident that the income mixing policy at Orchard Park is more aggressive because the development team consists of a nonprofit housing developer as opposed to Winn/Peabody which are for profit developers.

**Conclusion**

My analysis of the planning and implementation processes of income mixing policies at both Orchard Park and Mission Main has shown that innovative strategies to redevelop public housing into mixed income communities is a factor of more than resident demographics, local housing market forces, site location issues and financial feasibility. Even when all of these factors tilt toward the viability of income mixing, the development of an aggressive income mixing policy is greatly dependent on the quality of the relationship among the major players implementing such a policy.

Despite the quality of relationships among the implementers of HOPE VI grants, HUD shares responsibility for the proposed income mixing policies. HUD’s acceptance of such a conservative income mixing policy as is proposed for Mission Main indicates one of two things to me. The first is the idea that the mix proposed is better than the
existing distribution of income groups at the development. I object to this idea because I believe that such an income mixing approach is only slightly better than what currently exists.

I am not advocating an income mix which consists of predominantly high income market rate units. What I think is ideal is an income mix which has the widest range of income groups possible given the location and the market served in the surrounding area. Anything short of this does not maximize the theoretical benefits of income mixing as a policy to alter public housing and denies residents the opportunity to be truly integrated into the community. Even if one views that the proposed income mix at Mission Main is better than what currently exists, as many do, it is as aggressive as it could be.

In my opinion, the proposed mix will result in a development which is characterized as the place where the low-income folks live. This may be better than the characterization of Mission Main residents as the poorest of the poor, but it still serves to differentiate the residents of Mission Main from those of the larger community. Also, the proposed income mix at Mission Main does not fully utilize the flexibility of the HOPE VI program intended to allow implementers to be bold and creative “in addressing difficult issues such as high density, crime, poor structural design and oppressive social and economic issues.”

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The acceptance of such a restrictive income mixing policy by HUD also indicates the agency’s answer to the question “whom shall public housing serve”. In this view, public housing should serve whomever can pay the rent. This means that public housing will be dominated in the future by either high income households which can pay their rent without subsidies or lower-income households whose rents are subsidized through other vehicles (such as the Low Income Housing Tax Credit). In either case, HUD is intimating that it cannot and will not continue to subsidize public housing to the extent that it has in the past particularly when developments are so “severely distressed”.

As HUD shifts the responsibility of determining what income groups public housing serves down to local governments, I hope that income mixing policies such as the one proposed at Orchard Park become the norm and not the exception. This will allow history to view the HOPE VI program as a significant achievement in changing the image of public housing and ushering in a brighter day for residents in and around severely distressed public housing communities. Under income mixing plans such as Orchard Park’s, public housing serves a broad range of people all of whom are responsible for the conditions of their community.
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INTERVIEWS

In order to gather the data for the case studies I interviewed the following people either in person or by telephone.


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