

Living in Mixed-Income Housing: Profiles and Future Directions

Produced by the Fair Housing Justice Center¹

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INTRODUCTION

In 2007, the Fair Housing Justice Center (FHJC) produced a report *Increasing Access to Low-Poverty Areas by Creating Mixed-Income Housing*² profiling the development of mixed-income rental housing in twelve low-poverty areas across the country. The report was based on information obtained from site visits and interviews conducted with housing developers and managers. After the report was issued, many readers expressed an interest in learning more about tenant experiences at these mixed-income housing sites in low-poverty neighborhoods. In response, FHJC obtained additional information about tenant income, household composition, and resident services at four of the originally profiled sites. FHJC provides this addendum report about these four mixed-income rental housing developments.

Since all four sites were constructed between 2000 and 2005, the information contained in this report is not of a longitudinal nature, but rather, provides a snapshot view of tenant households, incomes, and services. While further research would be needed to provide a comprehensive understanding of the long-term impact of these rental opportunities on the tenants residing at each complex, some preliminary observations can be made. First, the tenants at these four sites are living in economically and racially diverse rental communities. Second, tenant households at these sites have a wide range of annual incomes from a variety of sources with the most common source being employment. Typically, residents saw their incomes rise between 2005 and 2007 at a rate higher than the increase in the area's cost of living. Finally, a variety of amenities and services are available to and utilized by residents at each site.

OVERVIEW OF PROFILED DEVELOPMENTS

This report provides information about tenants residing at the following four mixed-income rental developments:

1. **Waggoner Grove Apartments**, Blacklick, Ohio (suburban Columbus)

Developer: National Church Residences

¹ The Fair Housing Justice Center would like to thank the Ford Foundation for its support and staffs at Community Housing Works in San Diego, Downtown Housing Improvement Corp. in Raleigh, National Church Residences in Columbus and Common Wealth Development in Madison for their help in creating this report.

² Report can be accessed at: www.fairhousingjustice.org

Financing: 9% Low-Income Housing Tax Credit (LIHTC) State & City HOME Funds, City Bridge Financing, Tax Incremental Financing (TIF), Federal Home Loan Bank Loan

2. **Yahara River View Apartments**, Madison, Wisconsin

Developer: Common Wealth Development

Financing: 9% LIHTC, City HOME Funds, National Equity Fund Inc., Deferred Developer Fee, Federal Home Loan Bank Grant, The Dane Fund, Madison Gas & Electric Co., Madison Community Foundation, Wisconsin Focus on Energy

3. **Madison Glen**, Raleigh, North Carolina

Developer: Downtown Housing Improvement Corp (DHIC)

Financing: 9% LIHTC, First Mortgage Loan, City Loan, NCHFA Rental Production Loan, Deferred Developer Fee, Wake County Loan, DHIC Equity

4. **La Costa Paloma**, Carlsbad, California (San Diego County)

Developers: Community Housing Works & Mercy Housing

Financing: 4% LIHTC, State Tax-Exempt Bonds, City Low-Interest Loan, Morrow Development Contribution

The following chart summarizes the different types of rental units by income at each of these four sites:

Income Tiers at Mixed-Income Housing Sites

<i>Development Name</i>	<i>Total Units</i>	<i>% Market Rate Units</i>	<i>% Affordable Units</i>	<i>Type Affordable Units</i>
Waggoner Grove	176	30%	40% 30%	Site-Based Section 8 <60% AMI ³
Yahara River View	60	12%	5% 25% 58%	<40% AMI <50% AMI <60% AMI
Madison Glen	120	60%	40%	<50% AMI
La Costa Paloma ⁴	180	n/a	30% 70%	<50% AMI <60% AMI

³ AMI = Area Median Income

⁴ Development is located within a 3600-unit planned community that incorporates rental apartments, condominiums, and single family homes.

In addition to economic diversity, each of the four complexes profiled in this addendum report were racially diverse as shown by the following chart:

Tenant Racial Composition

Tenant Population By Race	Waggoner Grove	Yahara River View	Madison Glen	La Costa Paloma
White	13%	78%	22%	47%
Black	85%	7%	78%	13%
Hispanic	0%	13%	0%	25%
Asian	0%	2%	0%	7%
Other	2% ⁵	0%	0%	8%
Total	100%	100%	100%	100%

Racial diversity at the four sites was generally greater than the racial diversity found in the census tract that each site is located. For example, the census tract in Carlsbad, CA where La Costa Paloma is located was 88% White in 2000 but La Costa Paloma is only 47% White with Black, Hispanic and Asian residents at the site.

Each of the four sites profiled in this report has a mixture of tenant household compositions including singles, couples, families with children, and elderly tenants. Variations were found between apartment complexes in the percentage of units occupied by families with children with the lowest, 25%, at Yahara River View, and the highest, 71%, at La Costa Paloma. The apartment complex with the highest percentage of market-rate units, Madison Glen, rented 60% of its units to families with children. Elderly tenants rented apartments at all complexes, with a range of 3% to 8% of total occupancy.

TENANT ECONOMIC PROFILES⁶

Consistent with the different rent levels offered at each of the four sites profiled in this report, economic diversity exists between residents, even if the site does not include market-rate units. Tenant economic profiles are discussed below from four different perspectives:

- 1) Household Annual Income Ranges;
- 2) Sources of Household Income;
- 3) Average Household Income; and
- 4) Household Change in Income.

⁵ Percent of tenant households at Waggoner Grove for which race is not known.

⁶ Economic data was obtained for all tenants at La Costa Paloma and Madison Glen, but was only available for tenants renting affordable units at Yahara River and Waggoner Grove.

Household Annual Income Ranges

As expected, there was a wide range in incomes between tenants renting market-rate apartments and tenants renting affordable units within the same apartment complex. For example, at Madison Glen Apartments in Raleigh, North Carolina, incomes between tenants in 2006 ranged from \$2,200 per year to \$150,000 per year.

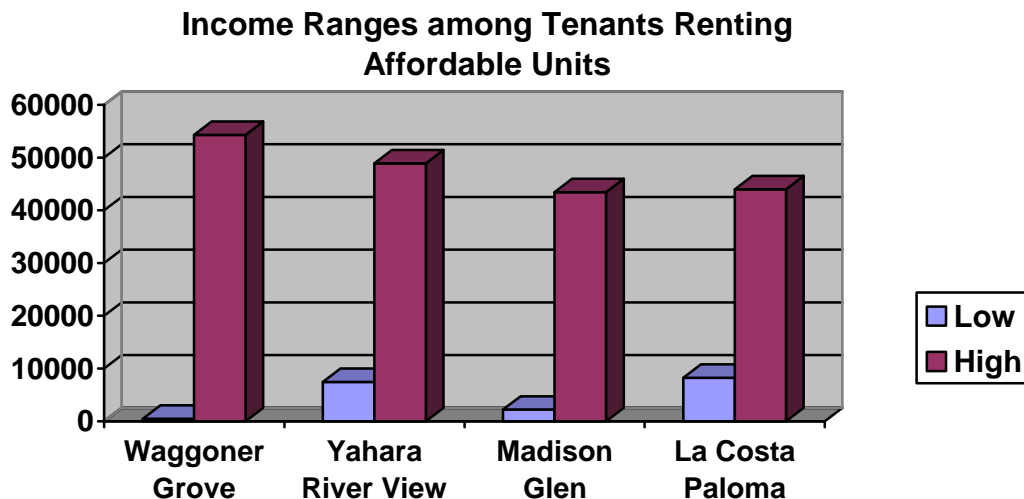
Tenant household annual income ranges also varied greatly among tenants renting affordable units at each of the sites. Among tenants renting affordable units, the lowest tenant incomes ranged from approximately \$500 to \$8,000 per year. The highest incomes for tenants renting affordable units ranged from approximately \$43,000 to \$55,000 per year. The annual difference between lower income and higher income tenants renting affordable units varied as much as \$35,000 to \$55,000 per household.

The following chart and table displays this information for each site:

Income Range among Tenants Renting Affordable Units

Development	Income Range		Year
	Low	High	
Waggoner Grove	\$ 480	\$ 54,277	2007
Yahara River View	\$ 7,476	\$ 48,919	2007
Madison Glen	\$ 2,221	\$ 43,458	2006
La Costa Paloma	\$ 8,250	\$ 44,000	2006

The following bar graph also illustrates the differences between the lowest and highest income tenant households renting affordable units at each site:



Sources of Household Income

The most common source of income at each site was from employment. Residents held jobs in a wide variety of industries. The most common jobs held by residents at the three sites that provided specific job type (Yahara River View, Madison Glen, and La Costa Paloma) are:

<u>Job Title</u>	<u>Total # of Households</u>
Food Service/Cook	24
Retail/Sales	21
Administrative/Clerical	20
Healthcare*	12
Housekeeping	11
Construction	10
Customer Service	9
Education/Teacher	8

* Includes nurses, healthcare aides, dental assistants, etc.

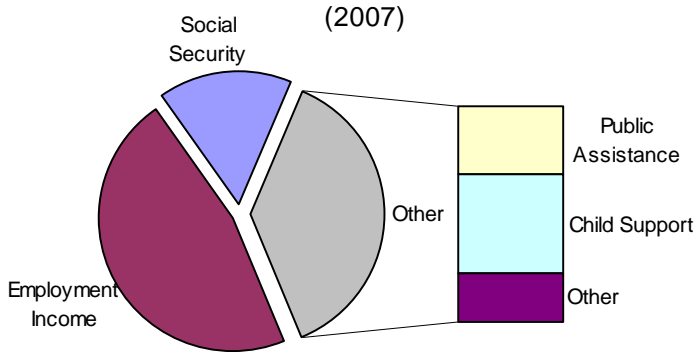
As would be expected, those sites with units affordable to lower income renters had a greater number of tenants receiving income from sources other than employment, including Social Security, public assistance, child support, and retirement pensions. For example, at Waggoner Grove Apartments, the only development with site-based Section 8 units rented to tenants from a local public housing authority waiting list, a larger percentage of tenant households received non-employment related sources of income.

In contrast, a substantial majority of tenants renting affordable units at both Madison Glen and La Costa Paloma received income from employment. Rental availabilities at both sites are widely advertised to the general public and there are no site-based Section 8 units at these sites.

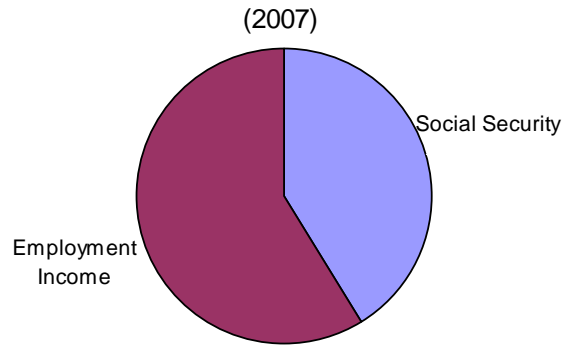
At Yahara River View Apartments in Madison, Wisconsin, there are a higher proportion of apartments rented to tenants with physical disabilities receiving Social Security disability benefits than at the other complexes. This appears to be a reflection of two factors. First, Yahara River View incorporated “universal design” features into the construction of the complex making it more fully accessible to people with physical disabilities. Second, the developer affirmatively marketed the apartments to inform prospective tenants with disabilities about the availability of rental opportunities at the site.

Below is a summary of the various sources of income for tenants at each site.

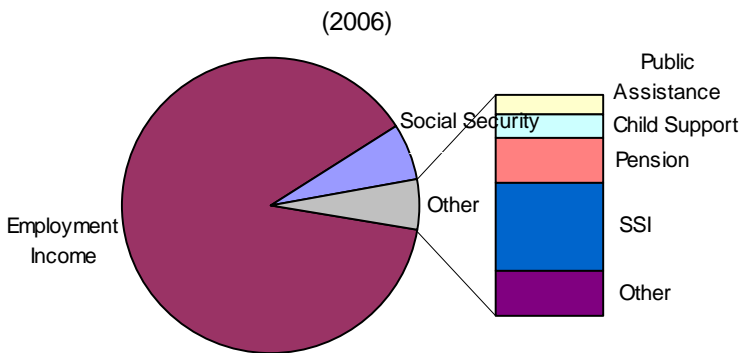
Waggoner Grove Tenants' Source of Income



Yahara River View Tenants' Source of Income



La Costa Paloma Tenants' Source of Income



Madison Glen Tenants' Source of Income⁷



⁷ Madison Glen's "Other" sources of income includes all non-employment sources of income. Madison Glen's source of income data includes residents of market-rate and affordable units.

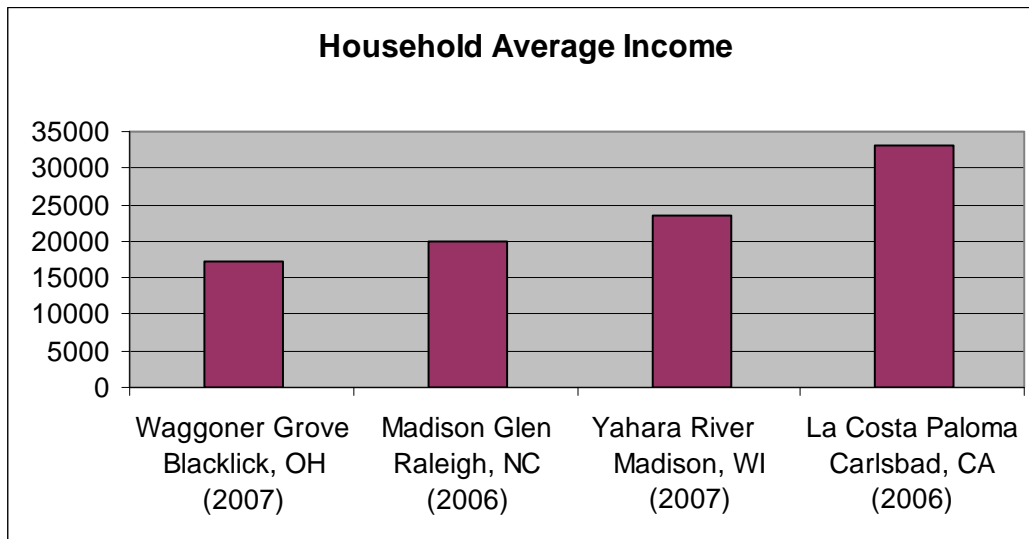
Average Household Income

Overall, the average income among tenants renting affordable units at the four sites was highest at La Costa Paloma in Carlsbad, California and lowest at Waggoner Grove in Blacklick, Ohio. Average tenant household income in 2006 and 2007 ranged as follows from highest to lowest by apartment complex:

Household Average Annual Income

Development Name	Average Household Income	Year
La Costa Paloma	\$33,132	2006
Yahara River View	\$23,473	2007
Madison Glen	\$19,943	2006
Waggoner Grove	\$17,105	2007

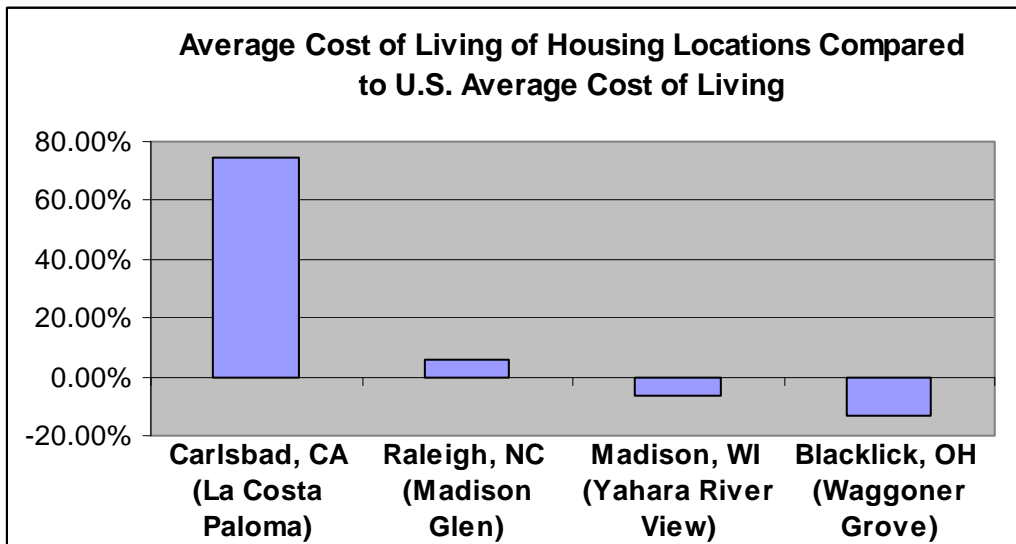
The following bar graph illustrates tenant household income by apartment complex:



The average tenant income at each housing site correlates with the average cost of living in the four cities where the complexes are located. Compared to the U.S national average cost of living⁸, Carlsbad, California is the most expensive and Blacklick, Ohio is the least expensive of the four locations where the housing sites are located. La Costa Paloma in Carlsbad also had the highest average income, while Waggoner Grove in Blacklick had the lowest.

⁸ Sperling's Best Places. Cost of Living Resources. <http://www.bestplaces.net>. Accessed on 1/28/08.

The following graph depicts the average cost of living for each city as it compares to the national average.



Household Change in Income

At each of the four sites, average household income increased for households who lived at the apartment complex over the time period studied. In addition, a greater percentage of households experienced an increase rather than a decrease of income. While the time period observed was limited to one or two years at each site due to the sites' more recent construction and initial occupancy dates, preliminary trends in income can be observed. In general, average household income for lower-income tenants renting affordable units for more than one year at each site increased at a rate greater than the corresponding U.S. Consumer Price Index for the same period of time.

The specific average rate of increase at each complex is shown below:

Waggoner Grove (2005 – 2007)



- Average tenant household income increased by 12%
- U.S. Consumer Price Index rose 6.6%⁹

⁹ U.S. Department of Labor. Bureau of Labor Statistics. *Consumer Price Index December 2007*. Consumer Price index for all expenditure items by urban consumers in 87 urban areas.

Yahara River View (2006 – 2007)



- Average tenant household income increased by 16%
- U.S. Consumer Price Index rose 4.1%¹⁰

Madison Glen (2005 – 2006)



- Average tenant household income increased by 16%
- U.S. Consumer Price Index rose 2.5%¹¹

La Costa Paloma (2005 – 2006)



- Average tenant household income increased by 25%
- U.S. Consumer Price Index rose 2.5%¹²

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

Waggoner Grove Apartments: Three Resident Experiences

Waggoner Grove Apartments, located in Blacklick, Ohio, includes a mixture of three income tiers of apartments, including market-rate and affordable units. One third

of the units are site-based Section 8 apartments, a third are low-income housing tax credit (LIHTC) apartments, and a third are market-rate apartments.



A tenant residing in each type of apartment was interviewed in 2007. All three tenants said they were drawn to Waggoner Grove for a variety of the same reasons, including the location. They noted that the area was a safe and convenient place to live, with good shopping and services nearby. None of the tenants were aware that the development was designed and operated as a mixed-income apartment complex.

Resident #1 - Site-Based Section 8 Unit

This resident moved to the United States from Somalia seven years ago. When she first arrived in the U.S., she lived in older public housing in downtown Columbus. She did not feel safe living there and said fights were commonplace. When she learned from a friend about the opportunity to live in a suburban setting at Waggoner Grove, she was eager to move her family to Blacklick. She liked the new construction, complex amenities, and well-kept grounds. She finds the development quiet and peaceful. Her two young children play at the site's playground and attend the local Head Start school. She owns a car and carpools with a neighbor to pick up and drop off their children at the school.

Resident #2 - Low-Income Housing Tax-Credit (LIHTC) Unit

This resident moved to the Columbus area where her adult son lives after being evacuated from New Orleans following Hurricane Katrina in 2006. Upon arriving in Columbus, she went to the public housing authority to inquire about housing and saw a flyer advertising apartments for rent at Waggoner Grove. She visited the site and liked what she saw in the neighboring community and at the apartments. Because of its suburban location, she bought an inexpensive, used car. After she moved in, she became a member of the church next door to the property and joined a local senior center where she enjoys a number of activities.

Resident #3 - Market-Rate Unit

This resident moved from a two-bedroom apartment in a smaller rental complex in a neighboring suburban town because of the availability of three-bedroom units at Waggoner Grove. She wanted an apartment with additional bedrooms for her grandchildren to stay in when they visit her on the weekends. She learned about Waggoner Grove from reading an apartment rental guide. When she applied for an apartment, she was reassured by the background check conducted of all tenants by the rental manager – for her this was an indication of a safe location. She volunteers at a local hospital and attends church close to the site.

ON-SITE RESIDENT SERVICES AND ACTIVITIES

These four mixed-income rental housing developments were developed by mission-based non-profit developers who are committed to providing a tenant experience that includes opportunities for tenant economic and personal growth. Each apartment complex has a variety of services and amenities for families, children, and individuals. Every site has a:

- 1) playground for children;
- 2) clubhouse or community room for resident gatherings and activities;
and
- 3) business center with computers for resident use.

The three larger complexes have additional, regular services and activities available for residents, as described below.

La Costa Paloma

Community Housing Works (CHW), the developer of La Costa Paloma, a 180-unit apartment complex, offers home-buyer training workshops to both its own residents and the wider community at the apartment complex. CHW provides similar workshops at all of its rental sites to better equip tenants to become homeowners. During 2006, 10 tenant households moved out of La Costa Paloma to purchase a home.

CHW provides a range of additional on-site services to residents only. These include the following programs:

<u>Program Type</u>	<u>Participation</u> ¹²
After School Tutoring Program	163 children
Youth Leadership Training	16 children
Family Asset Building	25 adults
Adult Volunteer Tutor Program	17 adults
Resident Leadership Committee	38 adults

The Family Asset Building workshops offered at La Costa Paloma include a variety of topics, such as opening a bank account, college saving programs, individual match savings programs, establishing credit and insurance.

¹² Participation rates reflect attendance during the first three quarters of 2007 (January-September).

Waggoner Grove

National Church Residences (NCR), the developer of Waggoner Grove, a 176-unit apartment complex, offers an on-site, after-school tutoring program. Tutors are Americorps volunteers who come to the site and work with children on their schoolwork. For adults, NCR has developed a program with the local community college to offer English classes on-site to residents on a weekly basis.

Madison Glen

Downtown Housing Initiatives Corporation (DHIC), the developer of Madison Glen, a 120-unit apartment complex, has created a program with the local YMCA for tenant children. Through this program an average of six children attend summer camp each year at the YMCA. In addition, nine to twelve children attend the twice-weekly after school program at the YMCA. The YMCA provides a bus to transport the children to and from Madison Glen and the YMCA.

Each year, DHIC offers a homeownership counseling program for tenants that provides one-on-one financial assessments and training and workshops on purchasing a home. Approximately three tenant households participate in the counseling program each year. In addition, DHIC provides one scholarship per year to an adult tenant for a continuing education course such as computer training or real estate sales.

Madison Glen has a Community Council open to all residents. The Council has approximately 20 members and meets once a month. The Council plans community events and parties at the club house, requests property improvements, and responds to quality of life issues affecting the community.

CONCLUSION

Based upon preliminary information provided for four mixed-income rental complexes, a number of benefits to residents living at these sites in California, North Carolina, Ohio, and Wisconsin were identified. Within each economically and racially diverse rental community, a mixture of household types exists, including families with children and seniors. A number of amenities and services are provided for children and adult tenants at each complex.

At one site, tenants with lower and higher incomes stated that they initially rented apartments at the complex for the same reasons - convenient location to shopping and services, safe area, attractive site design, and affordable rent. Tenants with children cited area schools and on-site amenities for children as a plus, while older tenants highlighted the opportunity to participate in local community institutions and became members of area religious organizations as a

benefit of living at the complex. All three tenants interviewed at the site did not know that they were renting apartments at a complex specifically designed to rent to different income levels of tenants even though annual incomes at that complex ranged from less than \$500 to over \$50,000.

As expected, a wide range of low and high incomes from a variety of sources existed at each development between tenants renting affordable units and those renting market-rate units. Ranges of income also varied between tenants renting affordable units at different levels of affordability within the same site. Some tenants used Section 8 vouchers or rented site-based Section 8 units at each site. Most tenants' primary source of income was employment. As of 2007, average household incomes for tenants who rented affordable units at each complex during the preceding two years were typically increasing.

This addendum to the 2007 report entitled *Increasing Access to Low-Poverty Areas by Creating Mixed-Income Housing* provides only a snapshot view of tenant experiences at four mixed-income rental housing sites. However, the preliminary observations described above suggest types of data that may be worth analyzing to provide a more comprehensive understanding of the impact of mixed-income rental housing on tenants renting both affordable and market-rate units. For example, a longitudinal study of annual changes in income and tenant population histories, including tenure and place of residence prior to moving to the site, as well as after moving from the site, may be worth further exploration. Also, analysis of the longer term impacts on tenant household employment and educational opportunities would broaden our understanding of the impact of "place" on tenants who move to low-poverty areas.