Increasing Access to Low-Poverty Areas by Creating Mixed-Income Housing

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Acknowledgments

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The Fair Housing Justice Center is grateful to graphic designer Yin Ling Wong and proofreaders Amanda Freeman and Carrie Pagnucco who helped us prepare this report for production.

Any errors contained in this report are the responsibility of the authors.
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The CHOICE Initiative (Creating Hope for Open and Inclusive Communities Everywhere) is a project of the Fair Housing Justice Center (FHJC) of HELP USA. A central premise of the CHOICE Initiative is that the development of mixed-income housing in low-poverty communities can contribute to expanding housing choice and creating more open communities. Among other things, the CHOICE Initiative brings together affordable housing developers, financial institutions, housing authorities, academics, civil rights attorneys, and fair housing organizations to share information about and learn from current efforts to develop mixed-income rental housing in low-poverty neighborhoods.

This report, one product of the CHOICE Initiative’s work in 2006, examines the opportunities and challenges associated with the development and ownership of mixed-income rental housing in low-poverty areas. The report also explores the past experiences and future possibilities associated with producing mixed-income rental housing as a remedy in fair housing litigation.

The 2000 Census reveals that in most of our metropolitan areas lower income Whites are far more likely to reside in low-poverty neighborhoods than African Americans and Latinos with comparable incomes. There is also evidence that many low-poverty communities take steps to limit affordable rental housing development or fail to adopt inclusionary land use policies that would increase the supply of affordable housing. Supply can also be influenced by other factors that are discussed in this report.

Restricting access to affordable housing for lower income populations on the basis of race or national origin throughout a region continues to be a fair housing issue of immense importance. Lower income African Americans, Latinos, and other racial minorities who are thwarted from moving to a low-poverty neighborhood lose more than a housing opportunity. Whether that housing choice is restricted by discriminating housing providers, by communities refusing to allow affordable housing for impermissible reasons, or by other factors, the families seeking the housing also fail to gain access to the educational, employment, and other life opportunities that such communities may have to offer.

Some affordable housing and fair housing advocates have appropriately and persuasively argued that the creation and expansion of regional housing voucher mobility programs would expand housing choices available to lower income minority families. But even housing vouchers with optimum portability are not without some limitations. Some low-poverty areas offer a paucity of affordable rental housing opportunities and/or have extremely low vacancy rates. In these areas, the development of mixed-income housing should be an essential component of any comprehensive housing strategy that is designed to expand housing choice and create more open and inclusive communities.

While this report focuses on examples of mixed-income rental developments in low-poverty areas, the authors of this report recognize and affirm the importance of preserving existing affordable housing and revitalizing high-poverty neighborhoods. Indeed, the development of mixed-income rental and ownership housing in high-poverty areas can yield benefits to residents who choose to live in redeveloping communities. Public and private resources for community development and housing preservation in poor communities strengthen infrastructure and repair the harm that has been caused by neglect, discrimination, and disinvestment. It is a false dichotomy to suggest that public policy choices are limited to either supporting the redevelopment of poor areas or providing lower income families with equal access to all areas.

As this report describes, a number of housing developers across the country have been creating and operating mixed-income rental housing in low-poverty areas where affordable housing has traditionally not been sited. These developers and the examples of mixed-income housing they have created in twelve such communities are featured in this report. Lead developers of the housing sites profiled were most commonly nonprofit organizations who often formed joint ventures with for-profit developers to develop and/or manage the housing sites. Although the developers had significant
affordable housing development experience, most had not previously developed mixed-income housing, and particularly, not in a low-poverty area.

The examples included in this report were selected because they incorporated either 1) a mix of affordable and market-rate units within the same development or 2) more than one income tier of affordable units in an area with little or no affordable housing. In addition, almost all of the housing included in this report is located in low-poverty areas, defined as areas with an individual poverty rate of less than 10% based on 2000 Census data. A few examples of housing created in areas with individual poverty rates ranging from 10-15% are also included in this report as promising examples that could be utilized in low-poverty areas.

Several types of mixed-income housing developments were not included for study. As a starting point, only multi-family rental developments, as opposed to single family homeownership sites, were analyzed. This focus on rental units was adopted, in part, because of the relationship between increasing the supply of affordable housing throughout a metropolitan area and expanding opportunities for tenants participating in Section 8 mobility counseling programs. Additionally, HOPE VI revitalization projects were not included for two primary reasons. First, this type of mixed-income rental housing development had already been identified and studied by others as of 2006. Second, as mentioned above, most HOPE VI redevelopment sites are located in high-poverty communities.

The report finds that there were four primary impetuses causing the developers to incorporate housing units targeted to different income tiers in a low-poverty area. These included:

- local and/or state policy supported mixed-income housing
- opportunity to acquire land in a low-poverty neighborhood inspired income mix
- mixed-income housing as a successful community strategy
- mixed-income housing as a fair housing remedy

The housing examples included in this report are located in nine states on the West and East Coasts, in the South, and in the Midwest. All twelve of the examples include rental housing sites and ten of the twelve include housing built since 2000. Three examples are mixed-income rental and condominium developments that were created as part of remedial plans in race discrimination lawsuits involving governmental defendants, such as public housing authorities and/or United States Department of Housing and Urban Development (HUD).

The examples profiled in this report are located in the following twelve communities:

- Carlsbad, CA (San Diego County)
- Bethesda, MD
- Irvine, CA
- New York, NY
- Raleigh, NC
- Blacklick, OH (Franklin County–Columbus)
- Charlotte, NC
- Woodinville, WA (Kings County–Seattle)
- Madison, WI
- Jacksonville, FL
- Yonkers, NY
- Mt. Laurel, NJ

In addition to the housing developed in Jacksonville, Yonkers, and Mt. Laurel as a result of fair housing litigation, there are many other examples nationwide of affordable and mixed-income housing units created in lower poverty neighborhoods within the framework of a fair housing remedy. The report provides information about 20 cases where mixed-income and other affordable housing was created outside of areas of poverty concentration.

The 12 housing examples profiled share a number of characteristics that contributed to their success, such as the developer’s conscious choice to create a mixed-income housing opportunity in a low poverty area, site selection features, combinations of adaptable funding sources, zoning and site acquisition opportunities, active local and state government participation, site design, and affirmative marketing plans.

Developing and owning mixed-income rental housing in low poverty areas presented some different challenges than those presented by efforts to build or preserve affordable housing in high-poverty areas. The most prevalent among these was a scarcity of workable financial resources for mixed-income housing development in low...
poverty areas. Other challenges identified and discussed in the report include the economic feasibility of such projects in areas with lower market rents, the need for shared information within the field, local government policies that restrict access to housing, lack of inclusionary zoning, and higher land costs.

Local or neighborhood opposition (sometimes referred to as NIMBYism) is not identified in this report as a unique challenge because the nature and frequency of the opposition is often similar to that experienced by affordable housing developers in a variety of housing markets. In fact, federal and state fair housing laws provide an additional legal tool to overcome local opposition to the mixed-income housing profiled in this report. These laws give housing developers and civil rights advocates a common framework, within which they can work together to expand access to housing opportunities in low-poverty areas.

The authors of the report recommend the following steps be taken to support increased development of mixed-income housing opportunities in low-poverty communities, where affordable housing has not traditionally been located or is at risk of being lost:

**Expand Mixed-Income Housing Development Tools**
- Continue to identify mixed-income housing prototypes in low-poverty areas in a variety of housing markets and share information with developers, policy makers, fair housing advocates, and funders
- Create a financial tool that will aid practitioners in assessing the feasibility of different types of mixed-income rental housing in low-poverty areas in various housing markets
- Design tools to aid the creation of affirmative marketing plans and tenant selection protocols that 1) ensure a fair process open to all populations and 2) increase the likelihood of racial and economic diversity
- Evaluate whether the requirements, priorities, and methods utilized in state Qualified Allocation Plans (QAP) encourage or discourage the development of mixed-income housing in all areas, including low-poverty areas
- Create a centralized library of quantitative and qualitative information about the benefits of mixed-income and racially diverse housing and neighborhoods, including the benefits of mixed-income housing in low-poverty areas to residents

**Expand Mixed-Income Housing Litigation Tools**
- Continue to identify and distribute information about fair housing cases resulting in remedies that create mixed-income and other housing opportunities in low-poverty communities
- Develop legal challenges to discriminatory practices that restrict housing choices based on race, color, national origin, and disability with a focus on those most likely to result in remedies creating new housing opportunities for tenants and homebuyers traditionally excluded from low-poverty areas

**Augment and Strengthen Infrastructure for Development of Mixed-Income Housing**
- Create a national resource center to provide tools and legal strategies to overcome discriminatory barriers to housing opportunities, support the development of mixed-income housing, expand housing choice, and deconcentrate poverty
- Develop a strategy to reform state QAPs to include incentives to use tax credits to create mixed-income rental housing in low-poverty areas
- Support the creation of regional housing voucher programs with mobility counseling, capable of expanding housing choice through increasing access to educational, employment and other opportunities, and reducing poverty concentration in metropolitan areas
- Support efforts to adopt inclusionary zoning ordinances that mandate inclusion of affordable units on-site with market-rate units in an integrated manner
- Support the creation of regional housing trust funds
Introduction

EXPANDING CHOICE AND OPENING COMMUNITIES

The CHOICE Initiative (Creating Hope for Open and Inclusive Communities Everywhere) is a project of the Fair Housing Justice Center (FHJC) of HELP USA. A central premise of the CHOICE Initiative is that the development of mixed-income housing in low-poverty communities can contribute to expanding housing choice and creating more open communities. Among other things, the CHOICE Initiative brings together affordable housing developers, financial institutions, housing authorities, academics, civil rights attorneys, and fair housing organizations to share information about and learn from current efforts to develop mixed-income rental housing in low-poverty neighborhoods. This report, one product of the CHOICE Initiative’s work in 2006, examines the opportunities and challenges associated with the development and ownership of mixed-income rental housing in low-poverty areas. The report also explores the past experiences and future possibilities associated with producing mixed-income rental housing as a remedy in fair housing litigation.

The CHOICE Initiative title suggests that there are places—neighborhoods, communities, and housing developments—in our metropolitan areas that are still not open or welcoming to people of all races and national origins. Unfortunately, illegal housing discrimination persists nearly 40 years after the passage of the federal Fair Housing Act. Most metropolitan areas remain racially and economically segregated. And the federal government continues to act with all deliberate lethargy to enforce fair housing laws with an uneven and minimalist approach to fair housing law enforcement.

No longer is our nation segregated by law as it was in the first half of the last century when race restrictive covenants, federally mandated redlining policies, racial zoning, discriminatory building codes, de jure segregation in schools, and a panoply of other government actions worked in concert with private real estate interests to segregate our communities by race. The civil rights movement dismantled the legal foundation on which segregation was built and secured passage of civil rights laws that now prohibit discrimination in public accommodations, voting, employment, housing, and most areas of community life. These laws provided great hope to millions of Americans and a promise of expanded opportunities, a promise that has not yet been fulfilled to this day. This no longer/not yet status is a useful way to describe where we are today.

When housing choice is restricted and people are isolated or balkanized by race or national origin, the result is myriad adverse consequences. Separation limits opportunities for inter-group contact that can reduce biases, stereotypes, and prejudices. The spatial mismatch between populations needing work and areas of high job growth severely limits access to employment opportunities. Residential racial isolation frequently results in segregated schools. Unequal access to employment and educational opportunities contributes to disparities in income and wealth accumulation. Residential racial

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1 For the purpose of this report, low-poverty communities are defined as areas where less than 10% of individuals in the neighborhood have incomes below the poverty level.


isolation fuels a vicious, self-sustaining cycle of inequality and contributes to the racialization of poverty.⁵

Lower income populations of all races and national origins do not currently have an equal opportunity to choose, access, and enjoy affordable housing opportunities available in all neighborhoods. The 2000 Census reveals that in most of our metropolitan areas lower income Whites are far more likely to reside in low-poverty neighborhoods than African Americans and Latinos with comparable incomes. In the New York metropolitan area, for example, Whites with incomes below the poverty level are roughly six times as likely to reside in low-poverty neighborhoods as African Americans or Latinos with incomes below the poverty level.⁶ Undoubtedly, past and current housing discrimination based on race and national origin accounts for some of this disparity. There is also evidence that many low-poverty communities have taken steps to limit affordable rental housing development in their communities or have failed to adopt inclusionary land use policies that would increase the supply of affordable housing, particularly for lower income families.⁷ Supply can also be influenced by other factors that are discussed in this report.

Restricting access to affordable housing for lower income populations on the basis of race or national origin throughout a region continues to be a fair housing issue of immense importance. Lower income African Americans, Latinos, and other racial minorities who are thwarted from moving to a low-poverty neighborhood lose more than a housing opportunity. Whether that housing choice is restricted by discriminating housing providers, by communities refusing to allow affordable housing for impermissible reasons, or by other factors, the families seeking the housing also fail to gain access to the educational, employment, and other life opportunities such communities may offer.

Some affordable housing and fair housing advocates have appropriately and persuasively argued that the creation and expansion of regional housing voucher mobility programs would expand housing choices available to lower income minority families. For example, Chicago's Gautreaux Program and HUD's Moving to Opportunity Program amply demonstrate that voucher programs can be designed to expand choice and open housing opportunities in low-poverty communities. But even housing vouchers with optimum portability are not without some limitations if there is an inadequate supply of decent and available affordable rental housing throughout a metropolitan area. Thus, the development of mixed-income housing in low-poverty areas is an essential component of any comprehensive housing strategy that is designed to expand housing choice and create more open and inclusive communities.

We know from various reports that most new, affordable, rental and mixed-income housing has not been developed in low-poverty areas. For example, non-senior rental units built with federal Low-Income Housing Tax Credits ("LIHTC units") tend to be concentrated in high-poverty, minority neighborhoods.⁸ Just a few states have made an effort to place significant numbers of non-elderly LIHTC units in low-poverty areas.⁹ Although HUD's HOPE VI public housing revitalization program has resulted in the creation of many mixed-income housing developments, these efforts have been limited to high-poverty areas that are more likely to have "severely distressed public housing" sites.¹⁰

Little has been known about mixed-income housing developments that have been constructed in low-poverty areas over the past 12 years. This report provides some

⁶ See Appendix B in this report.
¹⁰ Id.
practical lessons through an examination of a dozen examples of mixed-income housing developments that were constructed in low-poverty census tracts and communities. These examples and observations can be used to inform future discussions and public policy debates about the opportunities and challenges associated with the development and ownership of mixed-income rental housing in low-poverty areas.

While this report focuses on examples of mixed-income rental developments in low-poverty areas, the authors of this report recognize and affirm the importance of preserving existing housing and revitalizing high-poverty neighborhoods. Indeed, the development of mixed-income housing in high-poverty areas can yield benefits to residents who choose to live in redevelopment communities. Public and private resources for community development and housing preservation in poor communities strengthens infrastructure and repairs the harm that has been caused by neglect, discrimination, and disinvestment. It is a false dichotomy to suggest that public policy choices are limited to either supporting the redevelopment of poor areas or providing lower income families with equal access to all areas. Our progress as a nation in delivering on the promise of equal opportunity requires the devotion of human and financial resources on both fronts. Fair housing rights—including the right to access residential opportunities in all areas—are not extinguished by poverty or by living in a poor neighborhood.
Site Selection Process

To begin the process of identifying mixed-income housing developments in low-poverty areas, including those created as a result of litigation, the CHOICE Initiative convened an advisory meeting of academics, affordable housing finance experts, fair housing organizations, and civil rights attorneys. Staff also reviewed Census data, affordable housing site location data from state housing finance agencies and HUD, and information from regional planning commissions, public housing authorities, affordable housing developers, newspaper articles, and other publicly available sources.

Criteria for selecting sites included required and desirable factors. For example, sites were to be selected for further study only if they included either a mix of affordable and market-rate units within the same development or more than one income tier of affordable units in an area with little or no affordable housing. If the site also was built after 1995 and was in an area with a variety of other opportunities, such as high performing schools, job growth, and quality municipal services, including public transportation, then these additional criteria were considered desirable. An effort was made to look for sites located in areas experiencing a decrease in poverty rates combined with an increase in market-rate and luxury housing developments and a loss of affordable units, e.g. gentrifying areas.

Several types of mixed-income housing developments were not included for study. As a starting point, only multi-family rental developments, as opposed to single family homeowner sites, were analyzed. This focus on rental units was adopted, in part, because of the relationship between increasing the supply of affordable housing throughout a metropolitan area and expanding opportunities for tenants participating in Section 8 mobility counseling programs. Additionally, HOPE VI revitalization projects were not included for two primary reasons. First, this type of mixed-income rental housing development had already been identified and studied by others as of 2006. Second, as mentioned above, most HOPE VI redevelopment sites are located in high-poverty communities.

As developers and sites were identified, staff asked for referrals to additional developers and regions known for innovative housing programs that might include mixed-income rental housing in low-poverty areas. In Wisconsin and Texas, where the Metropolitan Milwaukee Fair Housing Council (MMFHC) and Inclusive Communities Project (ICP) are located, FHJC staff collaborated with MMFHC and ICP staff to systematically review all regions of each state to identify possible sites for review. Staff also researched reported court decisions in fair housing cases in which local governments, housing authorities, and/or HUD were defendants to find those that may have resulted in remedies including mixed-income housing in low-poverty areas. As cases were identified, staff contacted the attorneys and housing authorities involved in implementing the remedies to obtain more information. Ultimately, during 2006, staff visited 27 sites in 13 metropolitan areas in ten states. Based on these visits, 12 communities were selected to include in this report.

Foremost throughout the site selection process was the underlying goal to identify housing located in a variety of low-poverty areas for the reasons described above. Although a wide range of communities were studied and visited throughout 2006, this report defines a “low-poverty area” as a neighborhood with an individual poverty rate of less than 10% based on 2000 Census data. This definition was adopted, in large part, to be consistent with the definition used by HUD’s Moving to Opportunity demonstration program, and in reports issued by a variety of research institutions, including the Urban Institute, Brookings Institution, the National Cancer Institute, and the Poverty and Race Research Action Council.


13 Both the MMFHC and ICP (formerly The Walker Project) have a long organizational history of working to expand housing choice through mobility counseling programs combined with affordable housing development incentives.
Examples of Mixed-Income Housing

This section profiles 12 mixed-income housing examples located in low-poverty areas throughout the country. Interviews and in-person visits were conducted at all the sites during 2006. The examples are located in nine states on the West and East Coasts, in the South, and in the Midwest. All 12 of the examples include rental housing sites and ten of the 12 include housing built since 2000. The development and management teams for these examples reflect a variety of joint venture models between for-profit and nonprofit developers, including public housing authorities.

The mixed-income housing examples are organized into the following four general categories according to a key impetus for development of the housing:

- **local and/or state policy supported mixed-income housing**
  Four sites are located in low-poverty areas where various government policies were essential to the creation of the mixed-income housing development. Among these four sites are three entirely affordable developments with various income tiers reaching tenants of different lower incomes and one site that incorporates market-rate units with affordable units to provide a mix of incomes.

- **land opportunity inspired income mix**
  In three instances, an experienced affordable housing developer was presented with the opportunity to

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**Figure 1** CHOICE Initiative Housing Sites Matrix

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>City</th>
<th>State</th>
<th>Developer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>La Costa Paloma</td>
<td>Carlsbad</td>
<td>CA</td>
<td>Community Housing Works &amp; Mercy Housing</td>
</tr>
<tr>
<td>2</td>
<td>The Metropolitan</td>
<td>Bethesda</td>
<td>MD</td>
<td>Housing Opportunities Commission (HOC)</td>
</tr>
<tr>
<td>3</td>
<td>Windrow</td>
<td>Irvine</td>
<td>CA</td>
<td>Irvine Company &amp; BRIDGE Housing</td>
</tr>
<tr>
<td>4</td>
<td>Genesis RFK</td>
<td>New York</td>
<td>NY</td>
<td>HELP USA</td>
</tr>
<tr>
<td>5</td>
<td>Madison Glen</td>
<td>Raleigh</td>
<td>NC</td>
<td>Downtown Housing Improvement Corporation</td>
</tr>
<tr>
<td>6</td>
<td>Waggoner Grove</td>
<td>Blacklick</td>
<td>OH</td>
<td>National Church Residences (NCR)</td>
</tr>
<tr>
<td>7</td>
<td>Rivermere</td>
<td>Charlotte</td>
<td>NC</td>
<td>The (Charlotte-Mecklenburg) Housing Partnership</td>
</tr>
<tr>
<td>8</td>
<td>Greenbrier Heights</td>
<td>Woodinville</td>
<td>WA</td>
<td>DASH &amp; CamWest</td>
</tr>
<tr>
<td>9</td>
<td>Yahara River View</td>
<td>Madison</td>
<td>WI</td>
<td>Commonwealth Development</td>
</tr>
<tr>
<td>10</td>
<td>Lindsey Terrace</td>
<td>Jacksonville</td>
<td>FL</td>
<td>Vestcor Companies &amp; Jacksonville Housing Authority</td>
</tr>
<tr>
<td>11</td>
<td>St. James Terrace</td>
<td>Yonkers</td>
<td>NY</td>
<td>Seavey Organization &amp; Housing Action Council</td>
</tr>
<tr>
<td></td>
<td>Cross Street</td>
<td>Yonkers</td>
<td>NY</td>
<td>Westhab, Flintlock &amp; Housing Action Council</td>
</tr>
<tr>
<td>12</td>
<td>Ethel R. Lawrence</td>
<td>Mt. Laurel</td>
<td>NJ</td>
<td>Fair Share Housing Development Corporation</td>
</tr>
</tbody>
</table>
obtain vacant land in a low-poverty area and used that opportunity to develop a mixed-income housing site. Additional public policies, financing, and partnership opportunities also influenced these developers, but access to land in a low-poverty area preceded consideration of these other factors.

• mixed-income housing as a successful community strategy
Two examples are housing sites where developers worked closely in conjunction with local and regional governments, other organizations, and community members to develop a mixed-income housing plan as part of a successful community strategy.

• mixed-income housing as a fair housing remedy
Three examples look at mixed-income rental and condominium developments that were created as part of remedial plans in race discrimination lawsuits involving governmental defendants, such as public housing authorities and/or HUD.

Each example described in greater detail below includes a metropolitan area map depicting census tract poverty rates, data on residents’ demographics and poverty rates, and a worksheet with information about the developer, funding sources, housing units and income mix, marketing, and management. Also, at the end of this section is a matrix of 18 race discrimination lawsuits filed between 1980 and 2002 that included mixed-income and scatter-site housing built as part of the remedy.

Figure 1 below is a matrix summarizing key characteristics of the 12 mixed-income housing examples profiled in this report.

<table>
<thead>
<tr>
<th>Year in Service</th>
<th>Units and Income Mix</th>
<th>% Affordable</th>
<th>% Market-rate</th>
<th># Units</th>
<th>% Poverty (2000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>100% [30% @ 50% AMI, 70% @ 60% AMI]*</td>
<td>None</td>
<td>None</td>
<td>180</td>
<td>5.9</td>
</tr>
<tr>
<td>1996</td>
<td>30% [100% @ 25-50 AMI]</td>
<td>70%</td>
<td>308</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>100% [10% @ 30 AMI, 90% @ 50 AMI] None 96</td>
<td>9.1</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>100% [50% homeless, 50% @ 60 AMI] None 94</td>
<td>21.2</td>
<td>9.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>40% [100% @ 50 AMI]</td>
<td>60%</td>
<td>120</td>
<td>11.5</td>
<td>5.5</td>
</tr>
<tr>
<td>2002</td>
<td>70% [50% @ 30 AMI, 50% @ 60 AMI]</td>
<td>30%</td>
<td>176</td>
<td>**</td>
<td>8.2</td>
</tr>
<tr>
<td>2005</td>
<td>50% [10% @ 30 AMI, 90% @ 60 AMI]</td>
<td>50%</td>
<td>192</td>
<td>10.6</td>
<td>4.5</td>
</tr>
<tr>
<td>2004</td>
<td>60% [3 income tiers from 30-90% AMI] 40%</td>
<td>170</td>
<td>4.4</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>85% [3 income tiers from 40-60% AMI]</td>
<td>15%</td>
<td>60</td>
<td>15.0</td>
<td>12.8</td>
</tr>
<tr>
<td>2001</td>
<td>95% [25% @ 30 AMI, 75% @ 60 AMI]</td>
<td>5%</td>
<td>336</td>
<td>12.2</td>
<td>9.4</td>
</tr>
<tr>
<td>2003</td>
<td>50% [4 income tiers from 40-80% AMI]</td>
<td>50%</td>
<td>64</td>
<td>15.5</td>
<td>5.1</td>
</tr>
<tr>
<td>2001</td>
<td>50% [3 income tiers from 50-100% AMI]</td>
<td>50%</td>
<td>22</td>
<td>15.5</td>
<td>4.8</td>
</tr>
<tr>
<td>2001</td>
<td>100% [7 income tiers from 10-80% AMI]</td>
<td>None</td>
<td>140</td>
<td>3.1</td>
<td>2.9</td>
</tr>
</tbody>
</table>

*AMI= Area Median Income   ** unincorporated area
Specific local and/or state policies promoted the creation of the mixed-income housing developments profiled in this category. The developers of these housing sites were strongly committed to creating a mix of housing opportunities in low-poverty areas, and they received direct assistance to do so through local and state policies and financial resources. For the two California sites, local and state inclusionary housing programs and policies mandated the development of affordable housing within the municipalities of Carlsbad and Irvine. In the Montgomery County (Bethesda), Maryland example, the county-wide housing authority adopted a model of mixing a significant number of affordable units (usually 30%) into otherwise market-rate buildings or complexes that it acquires or constructs in locations throughout the County. The New York City example profiles an apartment building developed under a joint City and State housing program that included an equal mix of units for very low-income, formerly homeless tenants and tenants below 60% AMI (Area Median Income).

While three of these examples are entirely affordable housing developments, in each instance, the site incorporates units at more than one income tier through a variety of funding sources and subsidies. These three entirely affordable sites are located in some of the most expensive housing markets in the nation: Southern California and New York City. Developers in such areas may often find that because of high land and development costs, a variety of subsidies are needed for all units to make a non-luxury rental development economically feasible.¹⁴

Example #1
State and City Inclusionary Housing Programs
La Costa Paloma Apartments
Carlsbad, California

Two factors, in particular, facilitated the development of La Costa Paloma Apartments in the very low-poverty City of Carlsbad, California, located in northern San Diego County. First, the City of Carlsbad had an inclusionary zoning ordinance that required 15% of new development to be affordable to incomes below 70% AMI. Additionally, the State of California Housing Element Law provided further incentive for the City of Carlsbad to support this project as one way to insure that housing at a variety of income levels was being created within the City.

La Costa Paloma is a 180-unit apartment complex developed by a partnership between two nonprofit developers: Community Housing Works (CHW) of San Diego, California and Mercy Housing (Mercy) of Denver, Colorado. CHW owns 1300 affordable rental and cooperative units in San Diego County and operates a homeownership center that provides first-time homebuyer education and home loans. CHW offers educational and leadership programs at many of its housing sites to residents and other community members. Mercy is a national housing developer most active in the West and Midwest regions of the United States. Mercy builds family, senior, and special needs rental and homeownership housing opportunities. In addition, Mercy financially supports affordable development through its own loan fund program.

All 180 units at La Costa Paloma are affordable, but there are two different tiers of affordability to create a mix of incomes. Consistent with their own organizational missions, the CHW and Mercy proposal included units at La Costa Paloma for tenants below 50% AMI. Fifty (or 28%) of the apartments are affordable to residents with incomes below 50% AMI and 130 (or 72%) of the apartments are affordable to tenants below 60% AMI.

This intentional income tiering on the part of the developers also helped the City meet its obligation under its Housing Element Plan to provide housing for lower income households – below the standard tax credit income tier of 60% AMI.

La Costa Paloma is part of a 3600-unit, planned community called The Villages of La Costa in the low-poverty City of Carlsbad (5.9% poverty rate). It is one of two rental developments within The Villages, which is primarily a homeownership community with a median

home price of $750,000. In the pre-development phase, a neighborhood condominium association challenged the development of the affordable units at La Costa Paloma but the developers succeeded in settling the suit and proceeded with development as planned.

The complex opened in 2005 with an outdoor playground, community and exercise rooms, and an after-school program for tenants’ children. La Costa Paloma is located within walking distance to public bus transportation, a new public library, a grocery store, and other retail services. Carlsbad High School’s performance, when compared to other California high schools of similar size using the California Academic Performance Index of 2006, ranked in the 9th highest out of ten deciles in the state.\(^\text{15}\) Carlsbad is home to world headquarters of several corporations and is just six miles from Camp Pendleton – a major U.S. Marine Corps base.

La Costa Paloma was financed with 4% LIHTC and a tax-exempt bond from the State of California. The City of Carlsbad issued a low-interest loan in support of the development. Additionally, the private developer of the planned community, the Villages of La Costa, contributed both land and funds for the development per its affordable housing obligations under the City’s inclusionary zoning ordinance.

CHW provides on-site management at La Costa Paloma. For its initial rent-up, CHW created and implemented a county-wide affirmative marketing plan that did not include residency preferences and emphasized outreach to different minority media sources and local employers to broaden the pool of applicants. Consequently, the complex is racially diverse with a tenant population that is 47% White, 25% Hispanic, 13% Black, 7% Asian and 8% Other, in a City that was more than 80% non-Hispanic White in 2000.

La Costa Paloma Apartments  
Carlsbad, CA (Opened in 2005)  
Interview: Susan Reynolds, Community Housing Works

**Development Description**
La Costa Paloma Apartments is a 180-unit rental complex in Carlsbad, CA, located within The Villages of La Costa, a 3600-unit planned residential community. The City of Carlsbad, a northern suburb of San Diego, has a 6% poverty rate. Nonprofit housing developers, Community Housing Works and Mercy Housing, built and operate the site. The site has apartments within two income tiers - 28% of the units are at <50% AMI and 72% of the units are at <60% AMI. There is a community center with meeting and exercise rooms, and playgrounds on-site with public bus transportation, retail stores, and a City library within blocks.

**Developers**
Community Housing Works (CHW) is a San Diego-based nonprofit developer with more than 1300 rental and cooperative units. CHW also operates a homeownership center and provides loans to first-time homebuyers.

Mercy Housing is a national nonprofit housing developer based in Denver, CO.

**Finance**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Source</th>
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</thead>
<tbody>
<tr>
<td>$20 Million</td>
<td>State of CA Tax-Exempt Bonds</td>
</tr>
<tr>
<td>$2 Million</td>
<td>City Low-Interest Loan</td>
</tr>
<tr>
<td>$2 Million</td>
<td>Morrow Development Contribution*</td>
</tr>
<tr>
<td>$11 Million</td>
<td>4% LIHTC</td>
</tr>
<tr>
<td><strong>$35 Million Total</strong></td>
<td></td>
</tr>
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</table>

*Includes land

**Units and Income Mix**

<table>
<thead>
<tr>
<th>Units</th>
<th>AMI Percentage</th>
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<tbody>
<tr>
<td>50</td>
<td>50%</td>
</tr>
<tr>
<td>130</td>
<td>60%</td>
</tr>
<tr>
<td><strong>180 Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

La Costa Paloma includes 79 three-bedroom and 30 four-bedroom apartments.

**Management and Marketing**
CHW provides on-site rental management services at La Costa Paloma. CHW offers an after-school program for tenants’ children and financial fitness and homebuyer workshops for tenants. CHW implemented a county-wide marketing plan prior to the initial rent-up that included placing ads in newspapers serving a wide variety of readers. CHW distributed information to county social service agencies, at community meetings and local events, and to the ten largest employers in Carlsbad.
INDIVIDUALS IN POVERTY (2000) SAN DIEGO, CA

LA COSTA PALOMA APARTMENTS CARLSBAD, CA

Resident Demographics

At Site (2005):
47% White
13% Black
7% Asian
25% Hispanic
8% Other

In Census Tract (2000):
88% White
2% Black
6% Asian
7% Hispanic

In Carlsbad (2000):
87% White
1% Black
4% Asian
12% Hispanic

Individual Poverty Rates

<table>
<thead>
<tr>
<th></th>
<th>In Census Tract</th>
<th>In Carlsbad</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.0%</td>
<td>3.3%</td>
<td>6.8%</td>
</tr>
<tr>
<td>5.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
EXAMPLES OF MIXED-INCOME HOUSING
**Example #2**

**Mixed-Income Housing Model Utilized by County-Wide Housing Authority**

**The Metropolitan**

*Bethesda, Maryland (Montgomery County)*

The Metropolitan is typical of the mixed-income housing model used by the Housing Opportunity Commission (HOC) of Montgomery County, Maryland – a county-wide public housing authority. The Metropolitan is just one of many examples where the HOC has either acquired or constructed apartments and then rented 70% of the units at market-rate rents and 30% of the units at rents affordable to households earning less than 50% AMI. The Montgomery County government and HOC consciously devote their affordable housing dollars to creating mixed-income housing developments that incorporate both affordable and market-rate units in areas throughout the County. The County and HOC accomplish this goal using the 70/30 model utilized at The Metropolitan and through the County’s longstanding inclusionary housing program (the Moderately Priced Dwelling Unit Program). Since Montgomery County is a high-income region, with a tight housing market, HOC is able to set its market-rate rents high enough to generate sufficient cash flow to sustain each site and generate funds for future development projects.

The Metropolitan is a 12-story high-rise apartment building with 308 apartments. The development is located in downtown Bethesda, Maryland, a low-poverty suburb (3% poverty rate) of Washington, D.C. In addition to owning and administering the County’s public housing units and Section 8 vouchers, HOC owns and administers nearly 5,000 affordable housing units, the majority of which are located in mixed-income rental developments throughout Montgomery County.

Of the 308 apartments at The Metropolitan, 30% are rented to tenants with incomes between 25% and 50% AMI, and the other 70% are market-rate units rented to tenants without any maximum household income ceiling. The affordable and market-rate apartments were designated after construction was complete, so there are no discernable physical differences between the units, and they are dispersed throughout the building.

The Metropolitan is a doorman building, with a community room, a fitness center, and a roof-top swimming pool. The surrounding downtown area has recently undergone a large-scale redevelopment process and now has many new shops and restaurants. There is a major pharmacy and grocery store chain half a mile away. The Metropolitan is next to a Metro subway and bus station offering public transportation to Washington, D.C. The Montgomery County Public School District is comprised of nearly 200 schools, with different magnet schools available during grades 5-8 and academy programs at the high school level. The school system boasts over a 90% graduation rate.

The Metropolitan was funded through a combination of a tax-exempt bond and 4% tax credits (LIHTC). A private rental management company offers on-site management services to tenants. Market-rate vacancies are marketed in apartment shopper’s guides and on rental search websites, whereas affordable units are filled from the HOC waiting list. In general, there are never vacancies in the affordable units, but there is a small vacancy rate in the market-rate units due to competition from newer, luxury buildings in the area.

---

The Metropolitan
Bethesda, MD (Opened in 1996)

Interviews: Tedi Oasis and Peter Engel, Housing Opportunities Commission

DEVELOPMENT DESCRIPTION
The Metropolitan is a 12-story 308-unit mixed-income rental building located in downtown Bethesda, MD, a block away from the Metro station which provides quick access to Washington, D.C. Developed by the Housing Opportunities Commission, the public housing authority for Montgomery County, MD, The Metropolitan includes a mix of affordable (30%) and market-rate (70%) apartments. Downtown Bethesda has a poverty rate of 9.6% and the City of Bethesda’s poverty rate is 3%. At the site, there is ground-level retail space and three floors of offices, in addition to the residential units. The Metropolitan has a fitness center and a roof-top swimming pool and is within walking distance of a supermarket, retail stores, and restaurants.

DEVELOPER
The Housing Opportunities Commission (HOC) is the public housing authority for Montgomery County, MD. HOC owns 6,500 rental units throughout the County. Approximately 1,600 of them are public housing units with the majority of the remainder located in mixed-income developments throughout the County. HOC develops and finances mixed-income affordable housing. HOC also serves as the County’s housing finance agency.

FINANCE
- $40 Million Tax-Exempt Bond
- 4% LIHTC

UNITS AND INCOME MIX
- 92 Units at 25-50% AMI
- 216 Units Market-Rate
- 308 Total

MANAGEMENT AND MARKETING
Bozzuto Management Co., a for-profit rental management company, provides on-site services to The Metropolitan. During initial lease-up in 1996, market-rate units were advertised in an apartment guide and in area newspapers; currently, rental search websites are also used to advertise vacancies. Affordable unit applicants report that the Internet is their primary source of rental information. Affordable units are filled from a waiting list managed by the HOC.
INDIVIDUALS IN POVERTY (2000) WASHINGTON, D.C. METRO AREA

THE METROPOLITAN BETHESDA, MD

Resident Demographics

<table>
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<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Information unavailable</td>
<td>77% White</td>
<td>86% White</td>
</tr>
<tr>
<td></td>
<td>5% Black</td>
<td>3% Black</td>
</tr>
<tr>
<td></td>
<td>12% Asian</td>
<td>8% Asian</td>
</tr>
<tr>
<td></td>
<td>7% Hispanic</td>
<td>5% Hispanic</td>
</tr>
</tbody>
</table>

Individual Poverty Rates

<table>
<thead>
<tr>
<th></th>
<th>In Census Tract</th>
<th>In Bethesda</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>1990</td>
<td>2000</td>
</tr>
<tr>
<td>7.6%</td>
<td>3.5%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
Examples of Mixed-Income Housing
Example #3
City Inclusionary Zoning Plan
Windrow Apartments
Irvine, California

The City of Irvine has a long-standing and highly productive inclusionary zoning ordinance based on a master plan developed in the 1960s. Under the ordinance, developers in Irvine may include affordable units with market-rate units at a site, make cash payments to the City to be used for affordable housing, or donate land for affordable housing. This example involves an apartment complex built on land donated by its owner for the construction of affordable rental housing.

Windrow Apartments is an entirely affordable rental development with a total of 96 apartments. It was built by nonprofit developer BRIDGE Housing in partnership with for-profit developer, the Irvine Company, in 2006. BRIDGE is the largest nonprofit housing developer in California, with well over 10,000 units in metro areas throughout the state. BRIDGE also operates a rental property management company. The Irvine Company is a 140-year-old for-profit real estate investment company with a portfolio of office, retail, and apartment developments in master-planned communities throughout Orange County and other California regions, including the entire City of Irvine. The Irvine Company has built a variety of mixed-income housing opportunities, including mixed-income apartment complexes with market-rate and affordable units, as well as entirely affordable projects within larger mixed-income planned communities with job and retail centers, schools, recreation areas, and preserved open spaces.

There are three different income tiers at Windrow Apartments. Of the 96 units, 10% are affordable for households below 30% AMI, 23% for households below 50% AMI, and 67% for households below 50% of the City’s median income. Windrow offers myriad amenities, including garages for many units, a swimming pool, a picnic and barbeque area, a basketball court, an exercise course, and pedestrian paths.

Irvine is a low-poverty city (9% poverty rate) in central Orange County, which was the country’s second most expensive housing market in 2002. Irvine is several miles away from the coast and about 40 miles south of downtown Los Angeles. The neighborhood where Windrow Apartments is located had a poverty rate of 6% in 2000. Windrow is located in a residential area with condominiums, apartments, and single family home subdivisions surrounding the site. Tenants are within walking distance of public bus transportation and close to a freeway entrance. A new retail center with a grocery store and restaurants is located less than a quarter-mile from Windrow. Irvine Unified is a high performing School District that has a “long-standing collaborative working relationship with the University of California at Irvine.”

BRIDGE received a combination of 4% tax credits (LIHTC) and a tax-exempt bond from the California Housing Finance Agency to finance the development of Windrow. BRIDGE also received significant support from local housing and community development programs, including the City of Irvine Community Development Department (HOME funds) and the Orange County Redevelopment Agency.

Windrow is managed by BRIDGE’s property management company who completed the initial lease-up in the latter part of 2006. The City initially inquired about utilizing a residency/work preference for tenants. As an alternative, BRIDGE created an “interest list” during the two-year pre-development phase. Twelve hundred people, mostly Irvine residents, put their names on the list and received a mailing when the complex opened, inviting them to apply for an apartment. BRIDGE also placed notices in county-wide newspapers and those with minority readerships. Of the initial tenants rented to at Windrow, 37% were living in other cities in Orange County prior to moving to Windrow and 9% came from outside of Orange County. Fifty-three (53%) percent of the initial tenants lived and/or worked in Irvine at the time they applied to rent an apartment at Windrow.

18 The City of Irvine’s median income is slightly higher than the area median income (AMI) determined by HUD. For example, a two bedroom apartment at Windrow costs $828 for a family below HUD’s 50% AMI and $850 for a family below the City of Irvine’s 50% AMI.
Windrow Apartments
Irvine, CA (Opened in 2006)

Interview: Brad Wiblin, BRIDGE Housing

**DEVELOPMENT DESCRIPTION**

Newly completed in the summer of 2006, Windrow Apartments is an entirely affordable complex of 96 units with three income tiers located in suburban Irvine, CA (Orange County). Windrow was developed by a partnership between nonprofit developer, BRIDGE Housing, and the Irvine Company, a for-profit real estate investment company. Windrow is located in a neighborhood with a poverty rate of 6% and is close to public bus transportation, a freeway entrance and a new retail center. The site includes a swimming pool, a picnic and barbeque area, half-court basketball, an exercise course, and a continuous pedestrian/open space system between the buildings.

**DEVELOPERS**

BRIDGE Housing is a nonprofit housing developer that has developed more than 12,000 affordable rental and sales units in CA, including many in Orange County and several in the City of Irvine, in partnership with the Irvine Company.

The Irvine Company is a for-profit real estate investment company with a portfolio of office, retail, and apartment developments in master-planned communities throughout Orange County and other CA regions.

**FINANCE**

- $6,620,000 CHFA Tax-Exempt Bond
- $1,708,015 Orange Co. Redevelopment Agency
- $600,000 City of Irvine HOME Funds
- $5,903,200 4% LIHTC
- $200,000 General Partner Equity
- $10,728 Accrued Interest*

**Total** $15,041,943

* during construction

**UNITS AND INCOME MIX**

<table>
<thead>
<tr>
<th>Units</th>
<th>Income Tier</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>30% AMI</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>50% AMI (HUD)</td>
<td></td>
</tr>
<tr>
<td>64</td>
<td>50% AMI (City of Irvine)</td>
<td>*</td>
</tr>
<tr>
<td><strong>96</strong></td>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

* City of Irvine AMI slightly higher than HUD’s AMI guidelines for 50% AMI

**MANAGEMENT AND MARKETING**

Windrow is managed by BRIDGE Property Management Company. During the two-year pre-development phase, BRIDGE created an “interest list” and then mailed notices to those on the list when the complex was ready for initial rent-up. BRIDGE also placed notices in county-wide newspapers and those with minority readerships.
INDIVIDUALS IN POVERTY (2000) ORANGE COUNTY, CA

WINDROW APARTMENTS IRVINE, CA

Resident Demographics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>23% White</td>
<td>69% White</td>
<td>61% White</td>
</tr>
<tr>
<td>4% Black</td>
<td>1% Black</td>
<td>1% Black</td>
</tr>
<tr>
<td>18% Asian</td>
<td>31% Asian</td>
<td>30% Asian</td>
</tr>
<tr>
<td>6% Hispanic</td>
<td>7% Hispanic</td>
<td>7% Hispanic</td>
</tr>
<tr>
<td>4% Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45% Unknown</td>
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<td></td>
</tr>
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</table>

Individual Poverty Rates

<table>
<thead>
<tr>
<th>In Census Tract</th>
<th>In Irvine</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>1990</td>
</tr>
<tr>
<td>2000</td>
<td>2000</td>
</tr>
<tr>
<td>3.4%</td>
<td>3.5%</td>
</tr>
<tr>
<td>6.0%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>
Example #4
City/State Joint Program for Formerly Homeless and Low-Income Housing

Genesis RFK Apartments
New York, New York

Genesis RFK’s development was made possible through a jointly funded New York State and City program called Permanent Housing for the Homeless (also known as the “85/85” Program) into which both the City and the State contributed $85 million dollars. “85/85” funds were provided for housing developments where 51% of the rental units were set aside for formerly homeless households and 49% for low income households below 60% AMI.  

When Genesis RFK was developed, much of the affordable rental housing development in New York City (including all of the other 20 sites built with “85/85” funds) was occurring in northern Manhattan or other City boroughs. However, the City of New York owned a parcel of land in lower midtown Manhattan which it sub-divided into two parcels. Both were made available to HELP USA with the condition that one be developed for retail space and the other for affordable residential use. In addition to this donated land from the City of New York and 85/85 funding, HELP USA received tax credits to develop the site (9% LIHTC).

Genesis RFK Apartments is a 94-unit high-rise (10-story) rental building in the thriving residential and commercial Union Square neighborhood in central Manhattan. The Apartments were developed by HELP USA, a New York City-based nonprofit housing developer and social service provider. HELP USA has provided transitional housing and services for homeless families and adults in the New York City metropolitan area for more than 20 years. In addition, HELP USA has developed and operates low-income rental housing in New York City, Buffalo, Philadelphia, Houston, and Las Vegas.

At the time of construction, Union Square was beginning to undergo a gentrification process that 10 years later has resulted in a low-poverty (9% poverty rate) neighborhood that as of 2000 was approximately 70% White. Development of the site was initially challenged in court by a neighborhood block association. The association stated that it objected to the use of public funds for retail development, but its members also expressed concern about having housing for formerly homeless and low-income people in the neighborhood. The association was not successful and HELP USA built the site as envisioned with both retail and residential uses.

At present, the Union Square neighborhood is known for its luxury rental and condominium buildings and its prime location near New York University, a public park with a farmers’ market, retail stores, and public transportation. Within the rental building, HELP USA included space for a medical office that offers reduced rates to Genesis RFK tenants and a day care center operated by the highly acclaimed Bank Street School.

HELP USA provides on-site management at Genesis RFK where the tenant population is both racially and economically diverse. Approximately one-third of the tenants have household incomes below $15,000 while 6% have incomes above $45,000. Approximately one-third of the tenants are Black and one-third are Hispanic, with the remaining one-third a mix of White (12%), Asian (17%), and other races (3%).

22 1,067 total units were constructed at 20 different sites during the life of Permanent Housing for Homeless Families Program. Genesis RFK is the only site built in southern or central Manhattan below 109th Street. Id.
Genesis RFK Apartments
New York, NY (Opened in 1995)

Interviews: Laurence Belinsky and Daisy Correa of HELP USA

DEVELOPMENT DESCRIPTION
Genesis RFK Apartments is a 94-unit rental building developed by New York City-based HELP USA. 50% of the units at Genesis RFK are rented to households <60% AMI and 50% to formerly homeless families and individuals with very low incomes. Genesis RFK is located in the Union Square neighborhood of lower midtown Manhattan. The area has a 9% poverty rate and is home to New York University, a public park with a large farmers’ market, retail stores, and public transportation. Genesis RFK includes a medical office and a day care center operated by the Bank Street School.

DEVELOPER
HELP USA is a 20-year-old nonprofit provider of housing and social services to homeless and formerly homeless families and individuals. HELP USA is based in New York City and has sites throughout the New York City metropolitan area and in Buffalo, Philadelphia, Las Vegas, and Houston.

FINANCE
$14 Million 9% LIHTC
$13.5 Million State and City Funding *
$28 Million Total

* Permanent Housing for the Homeless – “85/85” Program

UNITS AND INCOME MIX

<table>
<thead>
<tr>
<th>Tenant Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>47 Units for formerly homeless</td>
<td>47</td>
<td>34%</td>
</tr>
<tr>
<td>47 Units at 60% AMI</td>
<td>47</td>
<td>47%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>94</strong></td>
<td></td>
</tr>
</tbody>
</table>

Tenant Incomes as of 2006:
• Less than $14,999  34%
• $15,000 - $29,999  47%
• $30,000 - $44,999  13%
• $45,000 - $59,999  4%
• $60,000 - $89,999  2%

MANAGEMENT AND MARKETING
HELP USA provides on-site rental management at Genesis RFK. New York City’s Department of Homeless Services refers tenants from its homeless shelters to fill 50% of the units as they become available. The remaining units are rented to applicants from the general public who are placed on a waiting list. The average wait time for waiting list applicants is 2-3 years. At street level is a medical office that offers reduced rates to tenants and a neighborhood day care center operated by the Bank Street School.
INDIVIDUALS IN POVERTY (2000) NEW YORK, NY

GENESIS RFK APARTMENTS NEW YORK, NY

Resident Demographics

<table>
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</thead>
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<td>12% White</td>
<td>70% White</td>
<td>45% White</td>
</tr>
<tr>
<td>37% Black</td>
<td>10% Black</td>
<td>27% Black</td>
</tr>
<tr>
<td>17% Asian</td>
<td>16% Asian</td>
<td>10% Asian</td>
</tr>
<tr>
<td>31% Hispanic</td>
<td>7% Hispanic</td>
<td>27% Hispanic</td>
</tr>
<tr>
<td>3% Other</td>
<td></td>
<td></td>
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</table>

Individual Poverty Rates

<table>
<thead>
<tr>
<th>In Census Tract</th>
<th>In New York</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2000</td>
</tr>
<tr>
<td>7.2%</td>
<td>9.0%</td>
</tr>
<tr>
<td>19.3%</td>
<td>21.2%</td>
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</tbody>
</table>
CATEGORY TWO
Land Opportunity Inspired Income Mix

In addition to funding and political will, developers of mixed-income housing in low-poverty areas require access to sufficient land to build multi-family housing. A major impetus to the development of three of the 12 mixed-income housing examples profiled in this report was that the developers were offered the opportunity to acquire multiple acres (10-50) of land in low-poverty neighborhoods outside of the central city. Once the land was acquired, these three developers assessed various funding sources and created plans for development that would fully utilize the available land. These three sites were developed by long-standing nonprofit housing developers with strong roots in the metropolitan regions where the housing sites are located. None of the developers had built in these particular neighborhoods nor had they ever incorporated market-rate units into their housing sites before. They seized the opportunity, however, to mix market-rate and different types of subsidized housing in new neighborhoods because they believed it to be good social and economic policy.

**Preservation and Adaptive Reuses Create Mixed-Income Housing**

_Milwaukee, Wisconsin and Arlington, Virginia_

While this report focuses on examples of newly constructed mixed-income rental housing, mixed-income housing models created by renovation of existing structures also serve an important role in redeveloping areas, particularly those areas undergoing gentrification.

For example, in Milwaukee, Wisconsin, a former downtown commercial building and a historic district warehouse have been redeveloped into mixed-income residential units using tax credits (9% LIHTC) to create a combination of 60% affordable units and 40% market-rate units. City Hall Square, with 135 units, is located in a census tract with a 9.9% poverty rate, and Teweles Seed Towers, with 115 units, is located in a census tract with a 36% poverty rate as of 2000. Both buildings were renovated and converted to mixed-use residential apartments after 2000, and the two neighborhoods have undergone substantial redevelopment including the creation of luxury apartment and condominium units since then.

In Arlington, Virginia (7.8% poverty rate in 2000), a nonprofit housing organization has been purchasing existing apartment buildings throughout this older Washington, D.C. suburb, and redeveloping them into mixed-income rental communities. AHC, Inc. (formerly the Arlington Housing Corporation) employs a wide variety of income mixes at each site it acquires, ranging from 10-50% market-rate units. Approximately one-third of AHC’s rental communities combine market-rate with affordable units. AHC has been developing and operating housing in the region for more than thirty years.
Example #5
State Housing Finance Agency Preference Permits
Mix of Market-Rate and Affordable Units
Madison Glen Apartments
Raleigh, North Carolina

In the late 1990s, a Raleigh-based developer, Downtown Housing Improvement Corporation (DHIC), was offered the opportunity to purchase ten acres of land already zoned for multi-family use and located in northwest Raleigh. The site was large enough for construction of an apartment complex with more than 100 rental units. At the time, the Qualified Allocation Plan (QAP) adopted by the North Carolina Housing Finance Agency (NCHFA) awarded significant points to tax credit development applications if they included no more than 50 low-income tax credit units at each site. In light of NCHFA’s policy and the opportunity to purchase land already zoned multi-family, DHIC included only 50 tax credit affordable units at Madison Glen and developed the remaining units as market-rate.

DHIC is the largest nonprofit housing developer in the Triangle metropolitan region of North Carolina which includes the cities of Raleigh, Durham, and Chapel Hill. Most of DHIC’s 1,000+ units are rentals, but DHIC also develops homeownership units and offers homebuyer counseling.

Madison Glen was the first mixed-income development built by DHIC that included market-rate units. Of the 120 units at Madison Glen, 50 (42%) are tax credit units for tenants with incomes below 50% AMI and 70 (58%) are market-rate units. Creating mixed-income communities was and continues to be a desirable social policy goal for DHIC. DHIC is currently developing a second mixed-income apartment complex in downtown Raleigh, in part due to the success of Madison Glen.

Madison Glen is located in a newly developing, low-poverty (5.5% poverty rate), and largely White area of northwest Raleigh. The neighborhood is primarily residential and is known for its good public schools. Madison Glen has a swimming pool, picnic tables, a playground, a fitness center, laundry facilities, and a clubhouse with a business center.

Madison Glen was financed through a combination of 9% tax credits (LIHTC), a private mortgage loan, DHIC equity, loans from the City of Raleigh and Wake County, and a loan from the North Carolina Housing Finance Agency Rental Housing Production Program. Soon after Madison Glen was completed in 2000, the rental housing market in the Triangle area began to weaken, as regional jobs in research and technology declined with the overall downturn in the national economy. An increasing vacancy rate in the market-rate units and increased competition for renters in northwest Raleigh made it necessary for DHIC to reduce rents for its market-rate units. Consequently, it took DHIC longer than expected to secure permanent financing for the site. Self-Help, a national Community Development Financial Institution (CDFI) based in Durham, North Carolina, provided interim financing until DHIC restructured the project and secured permanent loans. As the rental market in the Triangle area has recovered in the past few years, DHIC has been steadily increasing its market-rate rents and the income stream generated from the property has similarly increased.

Madison Glen is managed on-site by one of Raleigh’s largest, private rental management companies. The market-rate and affordable units are marketed together on rental search websites with ads that indicate there are some restricted rents and affordable apartments. Most of the foot traffic and interested applicants come from driving by the site and word-of-mouth referrals from current and past DHIC tenants.
Madison Glen Apartments
Raleigh, NC (Opened in 2000)

Interviews: Gregg Warren and Natalie Connell, Downtown Housing Improvement Corporation
Jennifer Robbins, Drucker & Falk

DEVELOPMENT DESCRIPTION

Madison Glen Apartments is a 120-unit apartment complex located in northwest Raleigh, an area with a 5.5% poverty rate. The complex has a mix of affordable and market-rate units with 42% <50% AMI and 58% market rate. Madison Glen was developed by Downtown Housing Improvement Corporation, the largest Triangle area nonprofit rental housing developer. Madison Glen has a swimming pool, picnic tables, a playground, a fitness center, laundry facilities and a clubhouse with a business center. Madison Glen is located in a residential area of new growth within the City of Raleigh.

DEVELOPER

Downtown Housing Improvement Corporation (DHIC) is the largest nonprofit housing developer operating in the Triangle area of Raleigh, Durham, and Chapel Hill, NC. DHIC has more than 30 years experience in the field and has developed more than 1,000 rental units at 22 sites. DHIC also develops homeownership opportunities and provides homeownership counseling.

FINANCE

$5,000,000 First Mortgage Loan
$1,000,000 City Loan
$800,000 NCHFA Rental Production Loan
$384,303 Deferred Developer Fee
$600,000 Wake County Loan
$150,000 DHIC Equity
$2,032,944 9% LIHTC
$9,967,247 Total

UNITS AND INCOME MIX

<table>
<thead>
<tr>
<th>Units</th>
<th>Market Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>at 50% AMI *</td>
</tr>
<tr>
<td><strong>120</strong></td>
<td>Units</td>
</tr>
</tbody>
</table>

*4 units are set aside for NC welfare-to-work program participants and 30 units are rented by Section 8 voucher holders (as of September 2006).

MANAGEMENT AND MARKETING

Drucker & Falk, one of Raleigh’s largest real estate management companies, provides on-site rental management services. The market-rate and affordable units are marketed together on rental search websites with ads that indicate there are some restricted rents and affordable apartments. Most of the foot traffic comes from driving by the site and word-of-mouth referrals from current and past DHIC tenants.
INDIVIDUALS IN POVERTY (2000) RALEIGH, NC

Legend
- Study Site
- Water Feature
- County Areas
- Incorporated Places

Percent in Poverty
% Poverty 2000
- 0 to 10%
- 10 to 20%
- 20 to 30%
- 30 to 40%
- 40 to 100%

ExamplEs of mixEd-incomE Housing
individuals in povErty (2000) ralEigH, nc
madison glEn apartmEnts ralEigH, nc

Resident Demographics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>22% White</td>
<td>80% White</td>
<td>63% White</td>
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<tr>
<td>78% Black</td>
<td>13% Black</td>
<td>28% Black</td>
</tr>
<tr>
<td></td>
<td>4% Asian</td>
<td>3% Asian</td>
</tr>
<tr>
<td></td>
<td>5% Hispanic</td>
<td>7% Hispanic</td>
</tr>
</tbody>
</table>

Individual Poverty Rates

<table>
<thead>
<tr>
<th>In Census Tract</th>
<th>In Raleigh</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>
Examples of Mixed-Income Housing
Example #6
Unique Funding and Partnership Opportunities
Create Circumstances for Mixed-Income Development

Waggoner Grove Apartments
Blacklick, Ohio

In the late 1990s, National Church Residences (NCR), a Columbus, Ohio-based nonprofit developer, purchased a 50-acre parcel of land outside of the City of Columbus and adopted a plan to sell parcels of the land as one tool to raise funds for its own planned development at the site. Parcels were sold to the City of Columbus, to a local church, and to the Columbus Housing Authority (CHA). In addition, NCR successfully worked with local and state legislative bodies to have the site designated as a Tax-Incremental Financing (TIF) district. NCR then entered into a long-term lease with CHA to include project-based Section 8 units at the site and build senior rental housing on an adjacent parcel.

Waggoner Grove Apartments was the first development built by NCR to include market-rate units. At the time, NCR was relatively new to developing family housing, after developing senior affordable housing for nearly 30 years. Its fresh perspective on developing family affordable housing helped to drive the innovative mix of incomes and housing types at Waggoner Grove. NCR owns and operates rental developments in 27 states.

Waggoner Grove Apartments is a 176-unit complex that opened in 2002. Waggoner Grove includes rental units built in a combination of single family homes and garden-style apartments. Roughly one-third of the rental units are project-based Section 8, one-third are tax credit units with rents affordable to tenants with incomes below 60% AMI, and one-third are market-rate. All three income tiers are distributed throughout the complex and some of the single family homes are large rental units with three and four bedrooms. Next to the complex, NCR built Chestnut Hill Apartments, a 50-unit affordable tax credit senior building and Chestnut Grove, a 75-unit senior public housing building.

Waggoner Grove is located in a low-poverty (8.2%) neighborhood in formerly rural, unincorporated Blacklick, Ohio, about twelve miles northeast of downtown Columbus. The adjacent neighborhood is primarily residential with newly constructed single family home subdivisions. Students in Blacklick attend the Gahanna-Jefferson public school district, which has a 95% graduation rate.24 Blacklick is close to the Columbus Beltway, the Columbus Airport, and a regional office park.

The apartments at Waggoner Grove were funded through a combination of 9% tax credits (LIHTC), State and City HOME Funds, City bridge financing, and a loan from the Federal Home Loan Bank. Additional vital funding was provided by designating Waggoner Grove a TIF district — the first residential TIF district in the State of Ohio. The adjacent senior housing was financed with a tax-exempt bond, 4% tax credits (LIHTC), and HUD's Section 202 Program (Supportive Housing for the Elderly Program).

Waggoner Grove is managed on-site by NCR. There is a rental office at Waggoner Grove that has a community room and a business center. A playground is centrally located within the complex. For the initial lease-up of Waggoner Grove, NCR rented the site-based Section 8 units first to households on CHA's public housing waiting list. These tenants moved to Waggoner Grove before NCR rented the tax credit and market-rate units to the general public.


Examples of Mixed-Income Housing
Waggoner Grove
Blacklick, OH (Opened in 2002)
Interview: Michelle Norris, National Church Residences

DEVELOPMENT DESCRIPTION
Waggoner Grove is a 176-unit mixed-income rental development that includes 50 single family homes and 126 town homes in Blacklick, OH, a suburb of Columbus. Approximately 40% of the units are site-based Section 8, 30% are tax credit units at <60% AMI and 30% are market-rate units. Waggoner Grove was built and is operated by nonprofit Columbus-based developer, National Church Residences (NCR). Two affordable senior apartment buildings with 125 units were developed by NCR adjacent to Waggoner Grove. The primarily residential neighborhood has an 8% poverty rate and is in a new growth area east of Columbus near the beltway. Site amenities include a community building with a business center and playground.

DEVELOPER
National Church Residences (NCR) is a Columbus-based nonprofit housing developer with 45 years of experience in the field. NCR has developed 17,000 units in 27 states. Historically, NCR produced mostly senior (HUD 202) housing, but since 2000, NCR has been expanding its portfolio to include multi-family housing.

FINANCE
- 9% LIHTC
- State HOME Funds
- City HOME Funds
- City Bridge Financing
- Tax Incremental Financing (TIF)
- Federal Home Loan Bank Loan

UNITS AND INCOME MIX

<table>
<thead>
<tr>
<th>Units Type</th>
<th>Number</th>
</tr>
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<tbody>
<tr>
<td>Site-Based Section 8</td>
<td>67</td>
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<tr>
<td>60% AMI</td>
<td>55</td>
</tr>
<tr>
<td>Market-Rate</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>176</strong></td>
</tr>
</tbody>
</table>

126 units are town homes and 50 units are single family homes, including three- and four-bedroom units

MANAGEMENT AND MARKETING
NCR provides on-site rental management services. NCR occupied the site-based Section 8 units by accepting tenants from the City of Columbus Housing Authority (CHA) waiting list. NCR then marketed the tax credit and market-rate units to the general public.
INDIVIDUALS IN POVERTY (2000) COLUMBUS, OH

WAGGONER GROVE BLACKLICK, OH

Resident Demographics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13% White</td>
<td>78% White</td>
<td>76% White</td>
</tr>
<tr>
<td>85% Black</td>
<td>17% Black</td>
<td>18% Black</td>
</tr>
<tr>
<td>2% Unknown</td>
<td>2% Asian</td>
<td>3% Asian</td>
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<tr>
<td></td>
<td>2% Hispanic</td>
<td>2% Hispanic</td>
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</tbody>
</table>

Individual Poverty Rates

<table>
<thead>
<tr>
<th>In Census Tract</th>
<th>In Franklin County*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2000</td>
</tr>
<tr>
<td>1.7%</td>
<td>8.2%</td>
</tr>
<tr>
<td>13%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

* Franklin County demographic and poverty information is displayed here. There is no Census data available for Blacklick, OH since it is an unincorporated area.
Supplementary maps for the Columbus, Ohio metropolitan area, where Waggoner Grove is located, are included in this section. The maps illustrate metropolitan school performance, job growth, and family poverty in Franklin and parts of Delaware, Licking, Fairfield, Pickaway, Madison, and Union Counties. The maps portray a metropolitan area that is segregated by race, income, and opportunity: a region where better schools and greater job opportunities are concentrated outside of the central city, in lower poverty, majority White neighborhoods while poverty and poor performing schools are concentrated in the central city and other higher poverty and majority minority neighborhoods.

The two maps that look at the Columbus region’s school performance show that poor performing schools (represented by red dots) tend to be concentrated most heavily in Columbus’ central, urban areas. These neighborhoods are among the poorest and most minority concentrated areas of the metropolitan region. To a lesser extent, poor performing schools are also found just north of central Columbus, an area made up of mostly majority minority census tracts and just west, in census tracts of medium (10-20% poverty rate) and high (20-30% poverty rate) poverty. Conversely, the best performing schools (represented by green triangles) are primarily found in census tracts where both the poverty rate and minority concentration are lowest: in suburban areas further north and northwest of Columbus. Higher performing schools are also found around the Waggoner Grove housing site and were one of the reasons the developer decided to build mixed-income housing at the site.

The Columbus job growth map shows that job growth areas outside of the central city are projected to attract more jobs during the next 20+ years than the City of Columbus itself. Areas of particularly high job growth are in the northwest, northeast, and southeast of Franklin County. Job growth also is projected for Southern Delaware County, just across the Franklin County line. Waggoner Grove is located in one of the areas of projected job growth. All of the areas of highest job growth, outside of downtown Columbus, are in areas of low-poverty and low minority concentration, similar to the area in which Waggoner Grove is located.

The third and final Columbus metropolitan map illustrates where families below the poverty level are residing throughout the metropolitan area. In general, poor White families (represented by yellow dots) are residing in all areas of Franklin County and are far more dispersed throughout the metropolitan region than poor African American families (represented by red dots). Poor African American families are mostly concentrated in and around the City of Columbus and to a lesser extent in the inner-ring suburbs closest to the City. Few poor families live near the Waggoner Grove site, but those that do include both African American and White families.

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25 All of the maps used in this report were created by the Kirwan Institute for the Study of Race and Ethnicity at Ohio State University. Kirwan uses mapping as a tool to demonstrate access to and segregation from opportunity in metropolitan regions. Since the Kirwan Institute is located in Columbus, FHJC selected this metropolitan region for a more in-depth examination of demographic, social, and economic trends with the following maps.

26 A family is a group of two or more people who reside together and who are related by birth, marriage, or adoption (Census).
Continuous Improvement
Effective or Excellent
Study Site
Academic Watch or Emergency

Columbus, OH

Legend
Study Site
Incorporated Places
Water Features
Counties

School Performance Ranking
State Designation 2004-2005
- Academic Watch or Emergency
- Continuous Improvement
- Effective or Excellent

2000 Poverty Rate
% in Poverty
- 0 to 10%
- 10 to 20%
- 20 to 30%
- 30 to 40%
- 40 to 100%

Minority Pop. 2000
% Minority
- 0 to 20%
- 20 to 40%
- 40 to 60%
- 60 to 80%
- 80 to 100%

Source: Sites from Fair Housing Justice Center and other data from the U.S. Census Bureau.
Projected Job Growth (2000-2030)

Columbus, OH

Legend
- Study Site
- Water Features
- Incorporated Places
- Counties

Projected Job Growth
- Job Growth 2000-2030
- 1 Dot = 100 New Jobs

African American and White Family Poverty (2000)

Columbus, OH

Legend
- Study Site
- Water Features
- Incorporated Places
- Counties

Family Poverty 2000
- 1 Dot = 25 Families in Poverty
- African American Families
- White Families

Examples of Mixed-Income Housing
Example #7
HOPE VI Funds and Expectation of High Market-Rate Rents
Rivermere Apartments
Charlotte, North Carolina

The (Charlotte-Mecklenburg) Housing Partnership (HP), a Charlotte-based nonprofit housing developer, purchased a 12-acre site zoned for multi-family use in far northwestern Charlotte from a private owner in 2003. At the time, the City of Charlotte had incorporated the goal of creating public housing units throughout the City as part of its HOPE VI plan to renovate existing public housing and deconcentrate poverty. HP then applied to the City of Charlotte for HOPE VI funds. Since the land available to HP for purchase was in an area without any subsidized housing, HP anticipated that its application to the City for HOPE VI funds would be received favorably. In addition, HP incorporated market-rate units into the site plan to provide for a range of income tiers that would include steadily increasing market-rate rents as the area continued to develop.

Rivermere Apartments was developed in 2005 by HP, which has developed more than 1,000 rental units in the Charlotte, North Carolina area. HP also develops homeownership housing and offers homebuyer education and financing. Historically, HP has focused much of its development efforts in higher poverty Charlotte neighborhoods in need of investment and revitalization. Rivermere was HP’s first mixed-income housing development that incorporates market-rate units.

The complex has a total of 192 apartments with approximately one-half market-rate and one-half affordable. Twenty (10%) of the apartments are public housing units financed with HOPE VI funds and rented to tenants with incomes below 30% AMI. The remaining 80 affordable units are rented to tenants with incomes below 60% AMI and 92 apartments are market-rate units with no income ceilings.

Rivermere is located in the low-poverty area (4.5%) of northwest Charlotte near Mt. Island Lake. The area is a newly developing residential neighborhood, primarily comprised of homeownership opportunities. Rivermere is the only subsidized housing in the neighborhood. The complex has a club house with a community room, a computer center, an exercise room, and a swimming pool. In 2005, the tenants at Rivermere were approximately 60% Black and 40% White in a census tract that was 89% White in 2000.

Rivermere was financed with a tax-exempt bond and 4% tax credits (LIHTC), in addition to HOPE VI funds from the City of Charlotte and the Charlotte Housing Authority. HP invested both equity and deferred developer fees into the project.

A private rental management company provides on-site management services at Rivermere. Tenants for the public housing units are referred by the Charlotte Housing Authority. The complex also was initially marketed to neighborhood employers and advertised on apartment search websites. HP does not include its name in marketing materials or site signage and has never marketed the site as low-income housing. Many applicants learn about Rivermere through word-of-mouth.
Rivermere Apartments
*Charlotte, NC (Opened in 2005)*

Interviews: Pat Garrett, Lee Cochran, Fred Dodson, Rebekah Baker, The Housing Partnership

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**Development Description**

Rivermere Apartments is a 192-unit rental complex located in a new growth rural/suburban area of north Charlotte, NC in a neighborhood without any other subsidized rental housing. The complex includes public housing units (10%), tax credit units (40%), and market-rate units (50%). Rivermere was developed by The Housing Partnership, a nonprofit housing developer based in Charlotte. The site is located in a primarily residential area with a 4.5% poverty rate. Rivermere has a club house with a swimming pool, a community room, a computer center, and an exercise room.

**Developers**

The Housing Partnership (HP), formerly The Charlotte Mecklenburg Housing Partnership, has a portfolio of more than 1,000 affordable rental units in the greater Charlotte area. HP also develops homeownership units and provides homeownership counseling. Rivermere was HP’s first mixed-income project that incorporated market-rate units.

**Finance**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOPE VI - City of Charlotte</td>
<td>$2,800,000</td>
</tr>
<tr>
<td>HOPE VI - CHA</td>
<td>$1,241,324</td>
</tr>
<tr>
<td>Tax-Exempt Bond</td>
<td>$9,450,000</td>
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<tr>
<td>4% LIHTC</td>
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</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$61,014</td>
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<tr>
<td>Housing Partnership Investment</td>
<td>$1,103,036</td>
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<tr>
<td>Other Bond Interest Income</td>
<td>$315,026</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$17,047,065</strong></td>
</tr>
</tbody>
</table>

**Units and Income Mix**

- 20 Units Public Housing at 30% AMI
- 80 Units Tax Credit at 60% AMI
- 92 Units Market-Rate

**Total** 192

**Management and Marketing**

SL Nusbaum, a for-profit company, provides on-site rental management services at Rivermere. Tenants for the public housing units were referred by the Charlotte Housing Authority. The remaining units were marketed by SL Nusbaum on rental search websites and by distributing flyers to businesses in the area. A rental sign was placed at the site to encourage walk-in applicants and HP’s name was not included in the marketing materials.
**Resident Demographics**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>40% White</td>
<td>89% White</td>
<td>58% White</td>
</tr>
<tr>
<td>60% Black</td>
<td>8% Black</td>
<td>33% Black</td>
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<tr>
<td>* Approximate</td>
<td>2% Asian</td>
<td>3% Asian</td>
</tr>
<tr>
<td></td>
<td>1% Hispanic</td>
<td>7% Hispanic</td>
</tr>
</tbody>
</table>

**Individual Poverty Rates**

<table>
<thead>
<tr>
<th>In Census Tract</th>
<th>In Charlotte</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990 8.7%</td>
<td>1990 10.8%</td>
</tr>
<tr>
<td>2000 4.5%</td>
<td>2000 10.6%</td>
</tr>
</tbody>
</table>
CATEGORY THREE
Mixed-Income Housing as a Successful Community Strategy

Two of the mixed-income housing developers discussed in this report arrived at a plan to incorporate market-rate housing with affordable housing for various incomes after a process of community engagement and evaluation. After assessing the needs and desires of the community, the developers concluded that mixed-income housing would be the most appropriate housing product for that community over time. In the first example, located east of Seattle, Washington, community and public involvement was broad, including both local and regional support from the County and a regional housing trust fund. In the second example, there was a more localized, neighborhood-based effort in Madison, Wisconsin, to engage with and learn about the needs of the community, since the nonprofit developer had been involved in community development in that neighborhood for more than twenty years.

EXAMPLE #8
Regional Housing Coalition Supports Joint Venture Development Team
Greenbrier Heights
Woodinville, Washington

Greenbrier Heights is a mixed tenure, mixed-income housing site located in Woodinville, Washington, developed by a joint-venture partnership between nonprofit developer, Downtown Action to Save Housing (DASH), and for-profit developers, CamWest and Shelter Resources. The developers were motivated to build on the site and in Woodinville because of the need for affordable housing in the area and the suitability of the site for residential use. The developers worked with the City of Woodinville, King County, and ARCH (A Regional Coalition for Housing), a King County nonprofit organization, to acquire the land and create an innovative site plan.

In 2004, 120 housing units were completed by the Greenbrier Heights development team. The team consisted of DASH, an East King County nonprofit housing developer that has rehabbed or newly constructed nearly 1,000 housing units, including rental, homeownership, and senior housing, and CamWest, a large, regional single family market-rate housing developer in the Pacific Northwest. DASH developed the affordable rental units at Greenbrier Heights and CamWest built the mixed-income single family homes. In addition, Shelter Resources, a regional for-profit senior housing developer constructed an affordable senior apartment building adjacent to the mixed-income apartments and single family homes.

Greenbrier Heights has 50 affordable rental units with half of the apartments targeted to tenants with incomes below 30% AMI and the other half for tenants below 50% AMI. There are a total of 70 single family homes with 20 (29%) affordable homes for buyers at 80-90% AMI and 50 (71%) market-rate homes. This mix of incomes has created a development that is 40% market-rate and 60% affordable. In addition, a 50-unit affordable senior apartment building is located at the site, adjacent to the mixed-income rental units and homes.

Greenbrier Heights sits on 20 wooded acres in the low-poverty (4.4% poverty rate) City of Woodinville, Washington. The City created a public park with a community center located in the heart of the site, surrounded on all sides by housing. There are hiking and biking trails that originate at Greenbrier Heights and landscaped pathways thread throughout the site. Greenbrier Heights won a “Smart Community Accomplishment” award in 2006 from the Governor of Washington.

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Woodinville is a small, affluent city located 20 miles northeast of Seattle in a developing area of East King County incorporated in the 1990s. Woodinville is beyond the region’s urban growth boundary, so there is rural farmland between it and the more urbanized areas of East King County. The City is comprised of mostly single family residential housing. The largest employers in Woodinville include construction and lumber companies, a nursery, and large retail store.\textsuperscript{29} There is an elementary, middle and high school in Woodinville; they are all part of the Northshore School District, which also includes schools outside of Woodinville. Greenbrier Heights was the first residential development in the City to include affordable units.\textsuperscript{30}

The rental units at Greenbrier Heights were financed with 9% tax credits (LIHTC), State of Washington and regional housing trust fund (ARCH) money, County Community Development Block Grant (CDBG) and HOME funds, and a private loan. In addition to creating a city park with a community center, the City of Woodinville provided a cash grant toward the project and fee waivers. A private real estate firm provides management services for the rental units. The mixed-income apartments and homes were marketed through online and newspaper advertisements, particularly in east King County and the Woodinville area.


\textsuperscript{30} Municipal Research and Services Center of Washington. Woodinville, WA Ordinance No. 369.
Greenbrier Heights
Woodinville, WA (Opened in 2004)

Interviews: Valerie Kendall, Downtown Action to Save Housing (DASH)
Arthur Sullivan, A Regional Coalition for Housing (ARCH)

**Development Description**

Greenbrier Heights is a 120-unit mixed tenure and mixed-income development in Woodinville, WA, a suburb of Seattle. The site has a combination of rental units (40%) and homeownership units (60%) with three affordable income tiers and market-rate units. Greenbrier Heights was developed through a partnership between DASH, a nonprofit developer, and CamWest, a for-profit developer. Woodinville is a newly incorporated city (1990) with a 4% poverty rate. A city park with a community center is located in the middle of the site.

**Developers**

DASH is a nonprofit housing developer active in east King County outside of the city of Seattle. DASH has rehabbed or newly constructed nearly 1000 units.

CamWest is a for-profit developer in east King County that primarily develops single family market-rate housing.

Shelter Resources is a regional for-profit developer of affordable senior housing. SR developed an affordable 50-unit senior rental building at the Greenbrier site.

**Finance**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Housing (Family and Senior Combined)</td>
<td>*</td>
</tr>
<tr>
<td>ARCH (regional housing trust fund)</td>
<td>$300,000</td>
</tr>
<tr>
<td>City of Woodinville</td>
<td>$120,000</td>
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<tr>
<td>King County HOME</td>
<td>$446,000</td>
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<td>King County CDBG</td>
<td>$1,051,372</td>
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<tr>
<td>State of WA Housing Trust Fund</td>
<td>$1,100,000</td>
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<td>9% LIHTC</td>
<td>$4,690,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,707,372</strong></td>
</tr>
</tbody>
</table>

* Includes government sources only. Private bank loan also provided toward total financing sources.

**Units and Income Mix**

For rental units:
- 25 Units at 30% AMI
- 25 Units at 50% AMI
**50 Total**

For homeownership units:
- 20 Units at 80-90% AMI
- 50 Units Market-Rate
**70 Total**

**Management and Marketing**

Quantum Management Services, a Washington-based for-profit real estate firm, provides on-site rental management.

The apartments and affordable ownership homes were marketed through online and newspaper advertisements, particularly in east King County and the Woodinville area. Also, CamWest marketed the homeownership units through its company website and existing marketing network.
INDIVIDUALS IN POVERTY (2000) SEATTLE, WA

Legend
- Study Site
- Water Feature
- County Areas
- Incorporated Places

Percent in Poverty

% Poverty 2000
- 0 to 10%
- 10 to 20%
- 20 to 30%
- 30 to 40%
- 40 to 100%

EXAMPLES OF MIXED-INCOME HOUSING

GREENBRIER HEIGHTS WOODINVILLE, WA

Resident Demographics

At Site (2006): 80%+ White
In Census Tract (2000): 88% White, 7% Asian, 3% Hispanic
In Woodinville (2000): 84% White, 1% Black, 7% Asian, 7% Hispanic

Individual Poverty Rates

<table>
<thead>
<tr>
<th>In Census Tract</th>
<th>In Woodinville</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2000</td>
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<tr>
<td>1990</td>
<td>2000</td>
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<tr>
<td>4.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td>8.0%</td>
<td>4.4%</td>
</tr>
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</table>
Examples of Mixed-Income Housing
EXAMPLE #9
Local Community Development Corporation Builds Community Support for Mixed-Income Housing
Yahara River View Apartments
Madison, Wisconsin

Commonwealth Development, a local community development corporation active in the Williamson-Marquette neighborhood of Madison, Wisconsin for more than 25 years, worked with several local institutions and community groups to develop a small, mixed-income rental complex. Commonwealth acquired land in the Marquette neighborhood from a local company who had been using it for a warehouse and developed a plan for the site with significant input from community members garnered through a series of public meetings. Commonwealth then gathered multiple local financial resources to support this sustainable, mixed-income development that offers a variety of housing opportunities.31

Yahara River View Apartments was developed in 2003 by Commonwealth Development in the Marquette neighborhood of Madison, just over a mile northeast of the State Capital in downtown Madison and the University of Wisconsin. Commonwealth owns scattered-site apartments throughout the neighborhood and creates homeownership opportunities by acquiring properties, rehabilitating them, and then selling them to low-income buyers. Commonwealth also offers homebuyer education and neighborhood youth and arts programs.

Yahara River View has a total of 60 apartments with 51 (85%) income restricted units and 9 (15%) market-rate units. The affordable apartments are rented to households with incomes between 40-60% AMI. Commonwealth Development incorporated many “green” building and renewable energy design features, including solar panels, radiant floor heating, and energy efficient appliances. The complex includes design features that increase physical accessibility for residents and their guests with mobility impairments at Yahara River View.32

Yahara River View is situated along the Yahara River within the City of Madison on the isthmus between Lake Monona and Lake Mendota. Apartments at Yahara River have private decks and patios. There is below-grade parking, canoe storage, a playground, and a business center at the site. While Yahara River View is located in a neighborhood that is not as low-poverty as the other sites profiled in this report (12.8%), it is included as an illustration of how rental complexes with less than 75 units may be built in a lower poverty area with both market-rate and affordable units. Yahara River View is located on a public bus route and in a neighborhood with numerous parks, bike paths, and playgrounds, a library, and several community centers. There are also three public elementary schools, one middle school and one high school in the area.

Commonwealth used 9% tax credits (LIHTC), a grant from National Equity Fund, City HOME funds, funds from a local community development financial institution (The Dane Fund), and a grant from the Federal Home Loan Bank to finance Yahara River View. Commonwealth also received funds and technical assistance from the local utility company, Madison Gas & Electric, to support the green building features.33 Unique from other sites profiled in this report, Commonwealth obtained private foundation support from a local foundation, Madison Community Foundation, for the development of Yahara River View. This variety of local support enabled Commonwealth to provide a high level of amenities at the site and to include a mix of affordable and market-rate units.

Commonwealth provides its own on-site rental management services at Yahara River View. Commonwealth marketed the affordable and market rate units at the same time and applies the same general rental criteria to all applicants. For example, Commonwealth used a uniform, minimum income requirement of 2.5 times the rent. While located in a census tract with a 90% White population, Yahara River View has greater racial diversity at the site with a tenant population that is 22% minority.

33 Id.
ExamplEs of mixEd-incomE Housing

Yahara River View Apartments

Madison, WI (Opened in 2003)

Interview: Diane Bougie, Commonwealth Development

DEVELOPMENT DESCRIPTION

Yahara River View Apartments was developed by Commonwealth Development, a local community development corporation in Madison, WI. The 60-unit development is located in a neighborhood with a 13% poverty rate. The site includes amenities such as energy efficient design and appliances, below-grade parking, private decks and patios, canoe storage, a playground, and a business center. Yahara River View is located along a bus route and bike paths and is very close to commercial establishments and a public middle school.

DEVELOPERS

Commonwealth Development (CWD) is a nonprofit community development corporation located in the Williamson-Marquette neighborhood of Madison, WI. CWD rehabilitates and sells homes to low-income homebuyers and has developed and managed more than 100 rental units in the neighborhood.

FINANCE

$2,800,000  9% LIHTC
$3,277,346  National Equity Fund Inc.
$502,000  City of Madison HOME Funds
$436,913  Deferred Development Fee
$125,000  The Dane Fund
$104,000  Fed. Home Loan Bank Grant
$86,600  Madison Gas & Electric Co.
$70,000  Madison Community Foundation
$22,000  Wisconsin Focus on Energy

$7,423,859  Total

UNITS AND INCOME MIX

3 Units at 40% AMI
14 Units at 50% AMI
35 Units at 60% AMI
8 Units Market-Rate

Total 60

MANAGEMENT AND MARKETING

CWD provides on-site rental management services. CWD marketed the affordable and market-rate units together and applied the same rental criteria for all units. This included a landlord reference check, a credit check, and criminal background check. CWD used a uniform, minimum income requirement of 2.5 times the rent.
INDIVIDUALS IN POVERTY (2000) MADISON, WI

YAHARA RIVER VIEW APARTMENTS MADISON, WI

Resident Demographics

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>78% White</td>
<td>91% White</td>
<td>84% White</td>
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<tr>
<td>7% Black</td>
<td>4% Black</td>
<td>6% Black</td>
</tr>
<tr>
<td>2% Asian</td>
<td>1% Asian</td>
<td>6% Asian</td>
</tr>
<tr>
<td>13% Hispanic</td>
<td>3% Hispanic</td>
<td>4% Latino</td>
</tr>
</tbody>
</table>

Individual Poverty Rates

<table>
<thead>
<tr>
<th></th>
<th>In Census Tract</th>
<th>In Madison</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1990</td>
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<tr>
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<td>1990</td>
<td>2000</td>
</tr>
<tr>
<td>15.6%</td>
<td>12.8%</td>
<td>16.1%</td>
</tr>
</tbody>
</table>
The following three examples focus on mixed-income housing developments that were created as a result of remedial plans in race discrimination lawsuits involving governmental defendants such as local governments, public housing authorities, and/or HUD. The sites profiled here are located in Jacksonville, Florida; Yonkers, New York; and Mt. Laurel, New Jersey. Three of the housing sites are rental complexes and one is a condominium development. Income mixes at the sites range from 1) 100% affordable with several income tiers; 2) 50/50 market-rate and affordable; to 3) primarily tax credit housing that includes a significant number of public housing units and some market-rate units.

There are many more examples of mixed-income housing developments resulting from fair housing litigation not profiled in this report. A chart at the end of this section summarizes 18 housing discrimination cases brought since 1980 that included new housing units as part of the remedy. Some of the cases were brought by African American and/or Latino residents, along with organizations like the NAACP; in other instances, the United States filed the case as the sole plaintiff or in conjunction with private plaintiffs. In each of the lawsuits included in the chart, mixed-income housing and/or scattered-site housing in lower poverty areas were included as part of the court ordered settlement of the case.

Housing discrimination lawsuits that resulted in the provision of Section 8 vouchers and/or mobility counseling programs without creating specific housing units, such as Gautreaux v. Chicago Housing Authority, are not included in the chart. Also, cases resulting in redevelopment plans or housing renovation remedies in high-poverty areas were not included. Further study is needed to identify additional Fair Housing Act

### CATEGORY FOUR
Mixed-Income Housing as a Fair Housing Remedy

A promising opportunity for future mixed-income housing is transit-oriented mixed-use developments being created throughout the country. One example, in King County, Washington, was developed through a partnership between the county-wide housing authority, the County, and the County’s transportation department.

The Village at Overlake Station is a low-income tax credit apartment complex that is part of a transit-oriented mixed-use project, developed by the King County Housing Authority (KCHA) in 2002 in Redmond, Washington, a low-poverty (5.3%) community 15 miles northeast of Seattle. The apartment buildings at Overlake Station are built over a park-and-ride transit facility. Commuters can park their cars in the underground garage and take bus transportation to locations all over east King County. New residents at Overlake Station are given a free bus pass for two years to encourage use of the public bus system.

Overlake Station has a total of 308 apartments with 20 (6%) project-based Section 8 units. The site is located in an extremely low-poverty census tract with a poverty rate of just 2.2%. The City of Redmond is home of the world headquarters for Microsoft and other major regional employers. Group Health Eastside Hospital is located next door. Redmond is served by the Lake Washington School District which consistently scores above state and federal averages on standardized tests. KCHA uses a private rental management company to operate Overlake Station, as well as KCHA’s other rental sites throughout King County.

(Title VIII) lawsuits brought by private for-profit and nonprofit housing developers against local and state governments. A number of these cases have resulted in the development of mixed-income housing sites in low-poverty areas or the use of scatter-site housing programs to deconcentrate poverty and increase housing opportunities for lower income households. Although they are beyond the scope of this report, efforts should be made to identify and disseminate information about these successful efforts.

**EXAMPLE #10**

**Lindsey Terrace Apartments**  
**Jacksonville, Florida (Duval County)**

Lindsey Terrace Apartments was developed in a low-poverty Jacksonville neighborhood as part of a settlement reached in 2000 between the Jacksonville Housing Authority (JHA), the City of Jacksonville, and the United States Department of Justice. Initially, the United States notified JHA and the City that it intended to file suit in federal court under the Fair Housing Act alleging that they had failed to implement a 1988 public housing demolition and replacement plan in compliance with federal civil rights laws. Specifically, the United States asserted that JHA and the City failed to construct 40% of the replacement public housing units outside of northwest Jacksonville, a predominantly African American and high-poverty area of Duval County, in part, because of community opposition in White neighborhoods. The parties agreed to resolve the case with a court approved settlement that required JHA to create 225 public housing units outside of Northwest Jacksonville.

Lindsey Terrace Apartments was developed by for-profit developer, Vestcor, and JHA, a county-wide public housing authority, in 2001. JHA owns and operates more than 2,300 public housing units and administers 5,500 Section 8 vouchers. JHA has received two HOPE VI revitalization grants: one for the Oaks of Durkeeville in 1996 and one for Brentwood Park in 2002. Vestcor develops market-rate and tax credit rental and condominium developments in Florida and Texas. Lindsey Terrace was the first mixed-income development for both JHA and Vestcor.

Lindsey Terrace is a newly constructed 336-unit apartment complex located in southern Duval County, an area that does not have any other public housing. At Lindsey Terrace, there are 84 (25%) public housing units, 235 (70%) tax credit units with incomes capped at 60% AMI, and 17 (5%) just below market-rate (bond) units. The public housing, tax credit, and market-rate units are dispersed throughout the site in 14 three-story buildings with 24 units in each. The complex has a clubhouse with a library, a community room, computer center, a swimming pool, and outdoor picnic and play areas.

Lindsey Terrace is located in a low-poverty (9%) residential neighborhood of southern Duval County where there had previously not been any other subsidized housing. An express bus stop to downtown Jacksonville is located within walking distance from the site, which is near an entrance to the freeway. A large grocery store is located behind the complex. A retail shopping center with a pharmacy, other retail stores, and restaurants is also within walking distance. A market-rate condominium complex was being built in 2006 in front of Lindsey Terrace, which is otherwise surrounded by well-established single family home subdivisions.

JHA and Vestcor obtained a tax-exempt bond and 4% tax credits (LIHTC) to finance Lindsey Terrace. They also received a no-interest loan from the City of Jacksonville and a State Apartment Incentive (SAIL) Loan from the Florida Housing Finance Corporation.

In the pre-development phase, White neighbors expressed strong opposition at community meetings to the inclusion of public housing units at the site. However, JHA and Vestcor proceeded with construction without any delays. Initial lease-up was staggered by building, which resulted in public housing and tax credit tenants moving to Lindsey Terrace at the same time. In 2006, tenants at Lindsey Terrace were approximately 35% White, 45% Black, and 20% Hispanic in a neighborhood that was 69% White in 2000.

Lindsey Terrace is managed on-site by WRH Management, a private rental management company. Public housing units are rented from a centralized waiting list maintained by JHA. WRH markets the remaining units by advertising online and distributing flyers in the local community. The rental manager coordinates social activities such as “back-to-school” and children's holiday parties with the public housing tenants' association so all the complex's children can participate together at such events.
Lindsey Terrace Apartments  
*Jacksonville, FL (Opened in 2001)*  

Interviews: Ronnie Ferguson and Ellen Ramsey, Jacksonville Housing Authority  
Stephen Frick, Vestcor Development Corporation  
Joyce Prince, WRH Management

**DEVELOPMENT DESCRIPTION**

Lindsey Terrace Apartments is a 336-unit rental complex with a mix of public housing units, tax credit units, and a small number of just-below market-rate units. Lindsey Terrace was developed by Vestcor, a for-profit developer, in conjunction with the Jacksonville Housing Authority (JHA) as part of the settlement of a fair housing lawsuit brought against JHA and the City of Jacksonville by the United States. The complex is located in a neighborhood in southern Duval County with a 9% poverty rate. There is a clubhouse with a library, computer room, and swimming pool. The neighborhood is an area of high growth, with new retail and residential development, as well as longstanding single family home subdivisions.

**DEVELOPERS**

Vestcor develops market-rate and affordable (tax credit) multi-family communities in Florida and Texas. Jacksonville Housing Authority (JHA) is the public housing authority for Duval County, which includes the City of Jacksonville. JHA manages 2,300 public housing units and administers 5,500 Section 8 vouchers.

**FINANCE**

- $14,500,000 Duval County Tax-Exempt Bond
- $6,500,000 4% LIHTC
- $1,500,000 SAIL Loan*
- $1,500,000 Jacksonville City 0% Interest Loan
- **$24,000,000 Total**

* FL Housing Finance Corporation State Apartment Incentive Loan

**UNITS AND INCOME MIX**

- 84 Units Public Housing *
- 236 Units at 60% AMI
- 16 Units Just-Below Market-Rate (bond units)
- **336 Total**

* units with 40-year master lease

**MANAGEMENT AND MARKETING**

WRH Management has provided on-site rental management services since the complex opened. Public housing units are rented from a centralized waiting list maintained by JHA. WRH markets the remaining units by advertising on online and distributing flyers in the local community.
INDIVIDUALS IN POVERTY (2000) JACKSONVILLE, FL

Legend
- Study Site
- Water Feature
- County Areas
- Incorporated Places

Percent in Poverty
% Poverty 2000
- 0 to 10%
- 10 to 20%
- 20 to 30%
- 30 to 40%
- 40 to 100%

Prepared by: Kirwan Institute, Ohio State University
Prepared for: Fair Housing Justice Center
Date: 01/15/2007
Source: Sites from Fair Housing Justice Center all other data from the U.S. Census Bureau

LINDSEY TERRACE APARTMENTS JACKSONVILLE, FL

Resident Demographics

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>35% White</td>
<td>69% White</td>
<td>65% White</td>
</tr>
<tr>
<td>45% Black</td>
<td>20% Black</td>
<td>29% Black</td>
</tr>
<tr>
<td>20% Hispanic</td>
<td>5% Asian</td>
<td>3% Asian</td>
</tr>
<tr>
<td>* Approximate</td>
<td>6% Hispanic</td>
<td>4% Hispanic</td>
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Individual Poverty Rates

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<tr>
<th>In Census Tract</th>
<th>In Jacksonville</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2000</td>
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<tr>
<td>5.9%</td>
<td>9.0%</td>
</tr>
<tr>
<td>1990</td>
<td>2000</td>
</tr>
<tr>
<td>13.0%</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

Examples of Mixed-Income Housing 51
EXAMPLE #11
St. James Terrace Apartments and Cross Street Condominiums
Yonkers, New York

St. James Terrace Apartments and Cross Street Condominiums are two of four mixed-income housing developments built as a result of a 1985 court order to desegregate Yonkers public housing and schools. The remedial order in United States and NAACP v. City of Yonkers et al., with subsequent modifications, provided for the construction of a variety of types of affordable housing. Between 1990 and 2006, 200 units of scattered-site public housing, two mixed-income condominium developments, one mixed-income homeownership subdivision, and one mixed-income rental development were built. In addition, the Court ordered the City to adopt an inclusionary housing ordinance and to operate affordable homeownership and rental subsidy programs which will remain in effect from 10 to 30 years.

St. James Terrace Apartments

St. James Terrace is a 64-unit apartment building developed by the Seavey Organization, a for-profit New York City-based developer in 2003. A Westchester County nonprofit housing organization, Housing Action Council (HAC), provided technical assistance for the project. The City of Yonkers contracts with HAC to assist the City with implementation of the housing remedy orders and conduct initial financial screening of prospective tenants and homebuyers.

Of the 64 apartments at St. James Terrace, one-half are market-rate and one-half are rented to tenants with household incomes ranging from <40% AMI to <80% AMI in four different income tiers. The affordable units are distributed throughout the building and are rented to former residents of Yonkers public housing as required by court order. Market-rate units are made available to the general public. The rents for the market-rate units fall within Section 8 fair market rents for Westchester County. Consequently, a majority of the market-rate units have been rented to tenants using Section 8 vouchers.

St. James Terrace is located in Southeast Yonkers, a low-poverty residential neighborhood with a 5% poverty rate as of 2000. It is a six-story brick apartment building sited on a major Yonkers commercial and retail throughway. The neighborhood’s residential uses include multi-story condominium buildings similar to St. James’ structure with single and multi-family home subdivisions behind the taller multi-story buildings. St. James is located near a commuter train station with trains to New York City. The building has a community room, a rear outdoor deck for tenant use, and underground and above-ground parking.

Financing for the project was provided by the New York State Department of Housing and Community Renewal (9% LIHTC), the New York State Housing Trust Fund Corporation, and the City of Yonkers Affordable Housing Trust Fund which was created by court order. Seavey provides overall rental management services for the building and handles the leasing for market-rate apartments. HAC identifies and initially screens tenants for the affordable apartments and then refers them to Seavey in accordance with various court orders.
St. James Terrace
Yonkers, NY (Opened in 2003)

Interview: Rosemarie Noonan, Housing Action Council

**Development Description**

St. James Terrace is a 64-unit rental building located in southeast Yonkers. It is one of four mixed-income housing developments built as the result of a 1985 court order to desegregate Yonkers public housing. St. James Terrace was developed by the Seavey Organization, a for-profit New York City-based developer. One-half the units at St. James Terrace are market-rate and the other half are affordable to tenants at four different income tiers below 80% AMI. St. James Terrace is located in a neighborhood with a 5% poverty rate. The adjacent area has multi-story condominium buildings, homes, and retail businesses. The site is near a commuter train station with trains to New York City and includes a community room, underground and above-ground parking for tenants, and a rear outdoor deck.

**Developers**

Seavey Organization is a for-profit New York City-based housing developer with experience developing mixed income and affordable housing in New York City.

Housing Action Council (HAC) is a Westchester County nonprofit organization that provides technical assistance to affordable housing developers and mortgage counseling programs. The City of Yonkers subcontracted with HAC to oversee the implementation of a court ordered housing remedy.

**Finance**

- $2,900,000  City of Yonkers
- Affordable Housing Trust Fund *
- $1,800,000  NYS Housing Trust Fund Corporation
- $5,200,000  9% LIHTC

**Total** $9,900,000

* In addition, the City used eminent domain to acquire the site which contained a motel and sold the site to the developer for $1.

**Units and Income Mix**

- 7 Units at 40% AMI
- 13 Units at 41% to 50% AMI
- 6 Units at 51% and 60% AMI
- 6 Units at 61% and 80% AMI
- 32 Units Market-Rate

**Management and Marketing**

Seavey Organization’s property management company provides on-site rental management services. HAC referred tenants to Seavey for the affordable units from a waiting list created pursuant to the housing remedy plan. Seavey advertised the market-rate units with a sign at the site and with ads targeted to reach residents of the Bronx and northern Manhattan interested in moving out of the City and near a commuter train station.
Cross Street Condominiums

Cross Street Condominiums is one of two newly constructed mixed-income condominium sites developed as part of the Yonkers remedy. The development team included for-profit Flintlock Construction and nonprofit Westhab. Flintlock constructs residential and commercial real estate primarily in the New York City metropolitan area. Westhab is a Westchester County-based nonprofit developer that serves formerly homeless and other low-income renters and homebuyers. As with St. James Terrace, HAC provided technical assistance for the project and oversees the sale and resale of the affordable units.

Cross Street is a small development of only 22 homes. The site contains a mix of two- and three-bedroom homes ranging in size from 1,100 to 1,458 square feet. One-half of the homes were sold at market-rate prices without income restrictions and one-half were sold to former public housing residents with incomes ranging from 50% AMI to 100% AMI.

Cross Street is located in northeast Yonkers adjacent to the wealthy community of Bronxville. The affordable units are distributed throughout the site, which includes attached town homes with varied frontages and unitary landscaping. Each unit has a porch or deck with a parking space in the rear of the site under a deck. Some units also have garages.

Cross Street is located in a primarily residential area with other town home developments along the same street and large single family homes behind the town homes. The site is on a public bus line and is within walking distance to a public library and high school. The site is close to several retail centers for shopping and an entrance to a freeway. As of 2000, the neighborhood was 93% White with a poverty rate of less than 5%. In contrast to the neighborhood, Cross Street Condominiums is racially diverse — its owners are 45% Black, 28% White, and 27% Hispanic.

In addition to donating land for the development, the City of Yonkers provided funds from its affordable housing trust fund to help finance the project. Financing was also provided for the site from the New York State Affordable Housing Corporation and through a private construction loan. All the market-rate units were pre-sold and then HAC identified buyers for the affordable units consistent with a court order, so that all the buyers closed on their units within a similar period of time in 2001. The new owners then formed a homeowners association which remains very active.
Cross Street Condominiums
Yonkers, NY (opened in 2001)
Interview: Rosemarie Noonan, Housing Action Council

DEVELOPMENT DESCRIPTION
Cross Street Condominiums is located in northeast Yonkers, a residential neighborhood with a poverty rate of less than 5%. Cross Street has 22 homes - 60% are affordable to buyers at three different income tiers and 40% are market-rate. The development has varied frontages and unitary landscaping. Each unit has a porch or deck with a parking space in the rear of the site under a deck. Some units have garages. The site is on a public bus line and is within walking distance to a public library and a high school. Commercial retail stores and a freeway entrance are nearby.

DEVELOPER
The developer, Cross Street, LLC, was created through a partnership between for-profit builder Flintlock Construction and nonprofit Westhab. Housing Action Council (HAC) is a nonprofit organization that provides mortgage counseling and affordable housing development assistance in Westchester County. The City of Yonkers subcontracted with HAC to oversee the implementation of a court ordered housing remedy.

FINANCE

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<tr>
<th>Source</th>
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<td>Trust Fund *</td>
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<tr>
<td>NYS Affordable Housing Corporation</td>
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<tr>
<td>Construction Loan</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$2,740,742</strong></td>
</tr>
</tbody>
</table>

* In addition, the vacant city-owned site was sold to the developer for $1.

UNITS AND INCOME MIX
Ownership condominium units were sold to buyers in the following income tiers:

- 4 Units at 50% AMI
- 6 Units at 51-80% AMI
- 3 Units at 81-100% AMI
- 9 Units Market-Rate

**22 Total**

If an affordable unit is resold in less than 30 years, the sales price is set at a price affordable to a new buyer within the same original income tier of the seller, e.g. 51-80% AMI.

MANAGEMENT AND MARKETING
HAC marketed the affordable units to a pre-existing waiting list of housing applicants assembled under a housing remedy plan. HAC also sent letters, conducted community outreach, and advertised in local newspapers to identify households who lived in public or subsidized housing in Yonkers at some time since 1971 (as required by court order). A local real estate broker was used to market and sell the market-rate units. The original buyers formed a condominium homeowners association that currently manages the site.


**INDIVIDUALS IN POVERTY (2000) WESTCHESTER COUNTY, NY**

![Map of Westchester County](image)

**Legend**
- Study Site
- Water Feature
- County Areas
- Incorporated Places

**Percent in Poverty**
- % Poverty 2000
  - 0 to 10%
  - 10 to 20%
  - 20 to 30%
  - 30 to 40%
  - 40 to 100%

---

**ST. JAMES TERRACE YONKERS, NY**

<table>
<thead>
<tr>
<th>Resident Demographics</th>
<th>Individual Poverty Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% White</td>
<td>In Census Tract (2000):</td>
</tr>
<tr>
<td>95% Black and Hispanic</td>
<td>81% White</td>
</tr>
<tr>
<td>*Approximate</td>
<td>6% Black</td>
</tr>
<tr>
<td></td>
<td>5% Asian</td>
</tr>
<tr>
<td></td>
<td>15% Hispanic</td>
</tr>
</tbody>
</table>

| In Yonkers (2000):     | In Census Tract | In Yonkers |
| 60% White              | 1990            | 1990       |
| 17% Black              | 2000            | 2000       |
| 5% Asian               | 11.0%           | 15.5%      |
| 26% Hispanic           |                 |            |

| Cross Street Condominiums Yonkers, NY |

<table>
<thead>
<tr>
<th>Resident Demographics</th>
<th>Individual Poverty Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>27% White</td>
<td>In Census Tract (2000):</td>
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<tr>
<td>45% Black</td>
<td>93% White</td>
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<tr>
<td>27% Hispanic</td>
<td>2% Black</td>
</tr>
<tr>
<td>*Approximate</td>
<td>3% Asian</td>
</tr>
<tr>
<td></td>
<td>5% Hispanic</td>
</tr>
</tbody>
</table>

| In Yonkers (2000):     | In Census Tract | In Yonkers |
| 60% White              | 1990            | 1990       |
| 17% Black              | 2000            | 2000       |
| 5% Asian               | 11.0%           | 15.5%      |
| 26% Hispanic           |                 |            |

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Examples of Mixed-Income Housing

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*Prepared by: Kirwan Institute, Ohio State University*
*Prepared for: Fair Housing Justice Center*
*Date: 01/15/2007*
*Source: Sites from Fair Housing Justice Center all other data from the U.S. Census Bureau*
EXAMPLE #12
Ethel R. Lawrence Homes
Mt. Laurel, New Jersey

The Fair Share Housing Development Corporation (FSHDC) is a nonprofit housing developer created in the wake of the landmark Mt. Laurel affordable housing decision issued by the New Jersey Supreme Court in the 1980s. The Court’s decision led to the passage of the New Jersey Fair Housing Act in 1985, which requires municipalities in growth areas to provide their “fair share” of the regional need for low and moderate income housing. FSHDC utilized the remedial framework created by the Mt. Laurel decision to build the Ethel R. Lawrence Homes apartment complex in the Township of Mt. Laurel.

FSHDC is an affordable housing developer with more than 700 units in southern New Jersey and is a sister organization of the Fair Share Housing Center. The Fair Share Housing Center has filed a number of lawsuits against New Jersey cities and towns challenging whether they have provided their “fair share” of the region’s need for affordable housing, including the City of Mount Laurel. In 2003, the Center joined with the Camden County and Southern Burlington County NAACP branches and the Camden City Taxpayers Association in a lawsuit alleging that the 2003 Qualified Allocation Plan (QAP) issued by the New Jersey Housing Mortgage Finance Agency violated the Fair Housing Act. Specifically, the plaintiffs asserted that the 2003 QAP exacerbated racial segregation throughout the state by allocating LIHTC tax credits to mostly urban neighborhoods where racial minorities are concentrated. Although the New Jersey Supreme Court found that the QAP did not violate the Fair Housing Act, it held that the state housing finance agency had a duty to “affirmatively further fair housing” through the administration of all of its housing programs. This decision has led to improvements in the state QAP and provided support for tax credit developments in low-poverty areas.

The Ethel R. Lawrence Homes (ELH) is a 140-unit apartment complex that opened in Mt. Laurel in 2001. ELH is an entirely affordable rental development, serving a range of lower incomes from 10% to 80% AMI, with several different income tiers. One-third of the units at ELH are rented to households below 30% AMI. At the other end of the spectrum, 28% of the apartments are rented to tenants with incomes between 60% and 80% AMI. ELH includes a significant number (30%) of larger apartments with three bedrooms.

ELH is located in Mt. Laurel, New Jersey, which has a poverty rate of just 3%. Mt. Laurel is a township in suburban Burlington County, 20 miles from Philadelphia and 13 miles outside Camden, New Jersey. Mt. Laurel is home to a County community college and several large, corporate employers. Municipal services, including a library and a senior center are two miles away from the site. ELH has a community center with educational programs for school-age children.

FSHDC bought the land where ELH is sited in the 1980s and left it undeveloped for more than ten years until it applied for funds to construct ELH. FSHDC obtained a wide range of funding sources for ELH, including 9% tax credits (LIHTC), HOME funds, and funds from the Mt. Laurel Affordable Housing Trust Fund. FHSDC also deferred developer fees to support construction of ELH and used proceeds from prior litigation involving another developer.

FSHDC provides on-site rental management services at ELH. The development was built in two phases. After advertising in regional newspapers and within its network, FSHDC received 800 in-person applicants for the first phase of 100 units and 1,800 applicants for the second phase of 40 units. Many tenants report that they moved to ELH from Camden, citing better schools and less crime among their primary reasons for moving.

Ethel R. Lawrence Homes  
*Mt. Laurel, NJ (Opened in 2001)*  
Interviews: Peter O’Connor and Kevin Walsh, Fair Share Housing Development Corporation

**Development Description**

The Ethel R. Lawrence Homes is a 140-unit rental complex located in suburban Burlington County, NJ, in the Town of Mt. Laurel. The site was built by nonprofit developer, Fair Share Housing Development Corporation, in two phases with 100 units completed in 2001 and 40 units completed in 2003. The complex includes units in seven different income tiers ranging from 10% to 80% AMI. The Town of Mt. Laurel has a 3% poverty rate and the complex is two miles from Town municipal offices and services, including a library and a senior center.

**Developers**

Fair Share Housing Development Corporation (FSHDC) is a nonprofit developer with more than 700 rental units in southern New Jersey. While FSHDC has never included a market-rate component in any of its mixed-income sites, it typically incorporates a variety of low and very low income tiers within each development.

**Finance**

**Phase I & II Combined Financing:**

- $12,498,750 9% LIHTC
- $3,603,728 NJ HMFA Loan
- $3,520,361 NJ Balanced Housing Program
- $627,800 NJ Dept. Community Affairs Loan
- $727,950 Developer Fee From Past Project
- $900,000 Federal Home Loan Bank Grants
- $407,562 CDE (Nonprofit Fund)
- $216,932 Deferred Developer Fee
- $200,000 Mt. Laurel Afford. Housing Trust Fund
- $116,163 PSE&G Star Energy Program
- $126,000 Litigation Settlement Proceeds *

**$22,945,246 Total**

*Funds paid by another developer to resolve litigation brought by Fair Share Housing Center*

**Units and Income Mix**

**Phase I & II Combined Totals:**

<table>
<thead>
<tr>
<th>Income Tier</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% AMI</td>
<td>11</td>
</tr>
<tr>
<td>20% AMI</td>
<td>29</td>
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<tr>
<td>30% AMI</td>
<td>4</td>
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<tr>
<td>40% AMI</td>
<td>25</td>
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<tr>
<td>50% AMI</td>
<td>32</td>
</tr>
<tr>
<td>60% AMI</td>
<td>19</td>
</tr>
<tr>
<td>80% AMI</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>140</strong></td>
</tr>
</tbody>
</table>

**Management and Marketing**

FSHDC provides on-site management services. FSHDC marketed the site with news articles and ads, as well as to social service organizations with clients in southern New Jersey cities. After the initial information meeting was held at the site, 800 people showed up during Phase I and 1,800 people during Phase II. Of those, approximately half filled out applications from which a waiting list was compiled. The FSHDC draws tenants from the waiting list when there is a vacancy.
INDIVIDUALS IN POVERTY (2000)
PHILADELPHIA, PA/CAMDEN, NJ METROPOLITAN AREA

Resident Demographics

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>11% White</td>
<td>88% White</td>
<td>87% White</td>
</tr>
<tr>
<td>69% Black</td>
<td>6% Black</td>
<td>7% Black</td>
</tr>
<tr>
<td>20% Hispanic</td>
<td>4% Asian</td>
<td>4% Asian</td>
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<tr>
<td></td>
<td>2% Hispanic</td>
<td>2% Hispanic</td>
</tr>
</tbody>
</table>

Individual Poverty Rates

<table>
<thead>
<tr>
<th>In Census Tract</th>
<th>In Mt. Laurel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2000</td>
</tr>
<tr>
<td>1.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>1990</td>
<td>2000</td>
</tr>
<tr>
<td>2.0%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

ETHEL R. LAWRENCE HOMES MT. LAUREL, NJ

<table>
<thead>
<tr>
<th>Study Site</th>
<th>Water Feature</th>
<th>County Areas</th>
<th>Incorporated Places</th>
</tr>
</thead>
</table>

Legend

- Study Site
- Water Feature
- County Areas
- Incorporated Places

% Poverty 2000

- 0 to 10%
- 10 to 20%
- 20 to 30%
- 30 to 40%
- 40 to 100%

Prepared by: Kirwan Institute, Ohio State University
Prepared for: Fair Housing Justice Center
Date: 01/15/2007
Source: Sites from Fair Housing Justice Center all other data from the U.S. Census Bureau

EXAMPLES OF MIXED-INCOME HOUSING
Mixed-Income Housing as a Fair Housing Remedy

For a number of years, mixed-income housing development has been included as a remedial tool in housing discrimination cases that involved public defendants, such as housing authorities, local governments, and HUD. Nationwide, there are examples of affordable and mixed-income housing units being created in lower poverty neighborhoods within the framework of a fair housing remedy. Some of these remedies have been by court order and others by settlement agreement negotiated between the parties in the case. Several examples of this are described below. In addition, a matrix of 20 cases where mixed-income and affordable housing was created outside of areas of poverty concentration can be found at Appendix C.

In addition to the sites described above, a detailed case study was published by NeighborWorks America in 2005 about one of the mixed-income housing developments created as part of the remedy in the groundbreaking Walker v. HUD and Dallas Housing Authority race discrimination case filed in 1985. The Walker case resulted in several housing remedial plans that have created thousands of housing opportunities for public housing tenants using a combination of Section 8 housing vouchers and new housing development. Currently, the Inclusive Communities Project (formerly the Walker Project) provides housing counseling and mobility services to Walker class members throughout the Dallas metropolitan area.

In 1995, a local nonprofit organization in Dallas, the Foundation Communities, purchased and rehabilitated what is now known as Peters Colony Apartments, a mixed-income apartment complex in Carrollton, Texas. The complex has a total of 160 rental units with 15% of the apartments for tenants below 30% AMI referred from the Dallas Housing Authority Section 8 waiting list, 50% for tenants between 30% and 50% AMI, and 35% for tenants between 50% and 80% AMI. The complex is located in a racially diverse suburb of Dallas that, as of the 2000 Census, had an overall poverty rate of 5.6%. The Foundation Communities purchased the property from the Resolution Trust Corporation (RTC) after the property went into foreclosure in the 1980s and the lender went bankrupt. Foundation Communities was able to create three income tiers within the complex by combining the RTC’s Affordable Housing Disposition Program with financial support available from the Dallas Housing Authority through the Walker case remedy. Peters Colony includes a learning center that provides after-school tutoring, a summer education program, and teen group programs that are available to and used by tenants from all income groups.

Affordable housing development and other housing programs have also been used as remedial tools in school desegregation cases. For example, in Board of School Directors of the City of Milwaukee v. State of Wisconsin et al., the State of Wisconsin and 24 suburban school districts agreed to resolve a lawsuit filed by the Milwaukee School Board by restructuring school programs and funding an innovative housing program. The program, called the Center for Integrated Living, opened in the late 1980s and provided housing counseling for several years to tenants and homebuyers of all races and incomes.

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39 Census tract poverty rate was 4.2% in 1990 and 13.6% in 2000 (US Census).
interested in making pro-integrative moves throughout the four-county metropolitan area. During its first year of operation, the Center selected developers to receive $1 million in tax credits dispersed by the Wisconsin Housing and Economic Development Authority (WHEDA). The tax credits were used to build four tax credit rental complexes in low-poverty communities that had not previously had any subsidized or low-income rental housing – one within and three outside of the City of Milwaukee.

Two of the sites were developed by Capital Associates, a for-profit local housing developer. The first, Paradise Place, was built in Saukville, Wisconsin, and the second, Harvest Meadows, was built in West Bend, Wisconsin. Both communities are northwest suburbs of Milwaukee and had poverty rates of less than 5% as of 2000, with even lower poverty rates in 1990 when the apartments were built. Both sites have 64 apartments in eight garden-style buildings. They were financed with 4% tax credits (LIHTC) during the early years of the tax credit program. Now, more than fifteen years later, after their credit period has expired, both are market-rate complexes, but rents remain affordable to households in the 60% AMI range.41

This relatively short-lived and modest effort to create affordable housing opportunities in low-poverty areas in Wisconsin reflects the nascent work by fair housing advocates and civil rights attorneys across the country to use affordable housing development as a remedial tool in civil rights cases. The following chart summarizes the remedies in 18 fair housing cases filed since 1980 in federal courts, including three of the sites discussed above. See Figure 2 below. These 18 cases have resulted in the creation of more than 2,400 scattered-site public housing units in lower poverty areas than where public housing was originally built. Also, 800 scattered-site affordable rental and homeownership units have been created in a variety of low and medium poverty areas. In addition, 20 mixed-income rental and homeownership sites have been developed containing over 2,000 housing units. The remedial plans in nine of the cases included Section 8 mobility counseling programs and in two cases incorporated inclusionary zoning ordinances.

### Figure 2: Choice Initiative Summary Litigation Matrix

<table>
<thead>
<tr>
<th>Location</th>
<th>Case Name</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yonkers, NY</td>
<td>United States and Yonkers NAACP v. Yonkers Board of Education et al.</td>
<td>Filed: 1980</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Housing Remedy Order: 1986</td>
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<tr>
<td></td>
<td></td>
<td>Subsequent Consent Decrees &amp; Orders: 1988-2007</td>
</tr>
<tr>
<td>East Texas and City of Paris, TX</td>
<td>Young v. Pierce (Young v. Cisneros)</td>
<td>Filed: 1980</td>
</tr>
<tr>
<td></td>
<td></td>
<td>East Texas, Injunctions: 1986 &amp; 1988</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>Walker v. HUD and Dallas Housing Authority</td>
<td>Filed: 1985</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Initial Consent Decree: 1987, vacated in 1992</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Remedial Orders: 1995 - 1997</td>
</tr>
<tr>
<td>Allegheny County, PA (Pittsburgh)</td>
<td>Sanders v. HUD et al.</td>
<td>Filed: 1988</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consent Decree: 1994</td>
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<tr>
<td>Providence, RI</td>
<td>Project B.A.S.I.C. v. HUD et al.</td>
<td>Filed: 1989</td>
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<tr>
<td></td>
<td></td>
<td>Consent Decree: 1991</td>
</tr>
<tr>
<td>Kansas City, MO</td>
<td>Tinsley v. HUD et al.</td>
<td>Filed: 1989</td>
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<tr>
<td></td>
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<td>Consent Decree: 1991</td>
</tr>
<tr>
<td>Omaha, NE</td>
<td>Hawkins v. HUD et al.</td>
<td>Filed: 1990</td>
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<tr>
<td></td>
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<td>Settlement Agreement: 1994</td>
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<tr>
<td>New Haven, CT</td>
<td>Christian Community Action (CCA) v. HUD et al.</td>
<td>Filed: 1991</td>
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<tr>
<td></td>
<td></td>
<td>Settlement Agreements: 1995 &amp; 1999</td>
</tr>
<tr>
<td>Minneapolis/St. Paul, MN</td>
<td>Hollman and NAACP v. HUD et al.</td>
<td>Filed: 1992</td>
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<td></td>
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<td>Consent Decree: 1995</td>
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<tr>
<td>Milwaukee, WI</td>
<td>Indian Council of the Elderly, Inc. and United States v. City of Milwaukee, WI</td>
<td>Filed: 1994</td>
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<td>Consent Order: 2001</td>
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<tr>
<td>Baltimore, MD</td>
<td>Thompson v. HUD et al.</td>
<td>Filed: 1995</td>
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<td>Partial Consent Decree: 1996</td>
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<tr>
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<td></td>
<td>2006: Plaintiffs' proposed final remedial order pending with the Court</td>
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<tr>
<td>Galveston, TX</td>
<td>Ethridge v. Galveston Housing Authority et al.</td>
<td>Filed: 1996</td>
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<td>Consent Decree: 1997</td>
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<td>Milford, CT</td>
<td>United States v. Housing Authority of the Town of Milford et al.</td>
<td>Filed: 1996</td>
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<td>Settlement Agreement: 1998</td>
</tr>
<tr>
<td>Lake Station, IN</td>
<td>Northwest Indiana Open Housing Center and United States v. City of Lake Station et al.</td>
<td>Filed: 1998</td>
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<td></td>
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<td>Consent Order: 2000</td>
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<tr>
<td>Jacksonville, FL</td>
<td>United States v. Jacksonville Housing Authority and City of Jacksonville</td>
<td>Filed: 2000</td>
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<td>Consent Decree: 2000</td>
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<tr>
<td>Pooler, GA</td>
<td>United States v. City of Pooler</td>
<td>Filed: 2001</td>
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<td></td>
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<td>Consent Decree: 2003</td>
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<td>Buellton, CA</td>
<td>Garcia v. City of Buellton et al.</td>
<td>Filed: 2002</td>
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<td>Consent Decree: 2003</td>
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<td>Stockton, CA</td>
<td>Price v. City of Stockton et al.</td>
<td>Filed: 2002</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Settlement Agreement: 2005</td>
</tr>
</tbody>
</table>
### Housing Claim

City, State, and HUD intentionally created and maintained residential racial segregation by restricting all public and other subsidized housing to southwest Yonkers, a predominantly minority community.

Housing authority and HUD created and operated racially segregated public housing in East Texas. City of Paris refused to rezone land to permit development of public housing because of White neighborhood opposition.

Housing authority and HUD operated public housing programs in a segregated and racially discriminatory manner.

Housing authority, County, and HUD failed to eliminate racial segregation in County public and subsidized housing programs.

Minority public housing tenants challenged proposed housing authority plan to demolish public housing located in a predominantly White neighborhood and limit replacement public housing units to predominantly minority and racially integrated neighborhoods.

Housing authority failed to physically maintain public housing units at several sites with 99% minority tenant occupancy, and then proposed demolition of units with no replacement units or relocation plan.

Housing authority, City, and HUD excluded minority public housing residents, who were being displaced by impending demolition, from a scattered-site housing program.

Housing authority plan to demolish public housing limited development of replacement housing units to minority areas and did not include predominantly White areas in response to White neighborhood opposition.

City housing authority, regional redevelopment agency, City, and HUD created and maintained racially segregated public housing and Section 8 voucher program.

City denied a zoning variance for the construction of low-income elderly rental housing in a predominantly White neighborhood in response to racially motivated local opposition.

Housing authority, City, and HUD created and maintained residential racial segregation by making public housing tenant assignments based on race and locating public housing sites in minority neighborhoods. Also, defendants proposed a public housing demolition plan that limited replacement housing units to minority neighborhoods due to opposition from White neighborhood residents.

Housing authority attempted to sell public housing located in White areas, failed to physically maintain public housing units in minority areas, and refused to create more public housing units in non-minority areas of the City.

Housing authority and City cancelled federally subsidized scattered-site public housing program in predominantly White community due to racially based local opposition.

City refused to permit the development of a subdivision of affordable homes in a predominantly White community due to racially motivated local opposition.

Housing authority and City failed to implement a public housing demolition plan that mandated creating replacement public housing units in both minority and White neighborhoods.

City blocked construction of elderly low-income housing in a predominantly White suburb for racially discriminatory reasons.

City discriminated on the basis of national origin when it used code enforcement to eliminate existing affordable housing and facilitate redevelopment without triggering the City's obligations to provide relocation assistance, benefits, and replacement units to Latino residents.

City closed Single Room Occupancy buildings in downtown area for code violations without providing relocation support and housing for tenants, many of whom were persons with disabilities.

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**MixEd-Income Housing as a FAIR Housing Remedy**

63
Six of the 18 lawsuits listed in Figure 2 were filed during the 1980s with only four cases filed since 2000. Almost one-half of the cases have open court orders with remedies still being implemented. Court supervision of the oldest case on the list, United States v. Yonkers, just ended with a final three-year settlement in early 2007, 26 years after the case was originally filed. In several instances, the plaintiffs filed motions for contempt with the court during the remedial phase alleging that the defendants were not complying with court orders. In Thompson v. HUD and the Housing Authority of Baltimore City, filed originally in 1995, a partial Consent Decree was entered in 1996 providing for 525 scattered-site public housing units and 270 units in two mixed-income housing developments. However, a final remedial order was not proposed by the Thompson plaintiffs until 2006 after a full trial on the merits was held and a federal court found HUD racially discriminated in the oversight of federal funds used by the Baltimore Housing Authority. The proposed remedial order remains under consideration by a federal court at the time of publication.

Although all the cases listed above included claims of illegal housing discrimination and challenged practices by government actors, a range of types of housing practices were challenged. For example, six cases involved allegations that the defendant housing authority and HUD had created and maintained racially segregated public housing over long periods of time. Another six cases alleged that housing authorities’ plans for public housing demolition, renovation, and/or construction, as approved by HUD, were racially discriminatory. More recent cases include claims that a local government blocked a developer’s plans for affordable housing for racially discriminatory reasons or cancelled a scattered-site housing program because of racially motivated neighborhood opposition. Two of the more recent cases included in the matrix challenged a local government’s use of building code ordinances to reduce the supply of affordable housing occupied by Latino tenants or tenants with disabilities.

More information about these 18 cases can be found in Appendix C, CHOICE Initiative Litigation Matrix. The matrix includes the case name, date each case was filed and resolved, and a brief description of the plaintiff’s housing discrimination claims. Only cases with scattered-site and/or mixed-income housing units included as part of the remedy are listed in the matrix. The types and numbers of units created are included in the matrix. The matrix also indicates other remedial tools used in these cases such as Section 8 vouchers, mobility counseling programs, revised public housing tenant selection plans, inclusionary zoning ordinances, financial resources for fair housing programs, and other housing programs.
There are a number of observations that can be made about the development of mixed-income rental housing in low-poverty areas based on the examples included in this report, as well as the site visits and interviews conducted throughout 2006. On one hand, mixed-income rental housing development in low-poverty areas is simply one type of affordable housing development that presents many of the same challenges and benefits as other types of affordable housing. On the other hand, it is unique in two specific ways. First, public and private funding sources do not yet embrace the concept of creating mixed-income rental developments in low-poverty areas. Second, fair housing laws, and the duty to affirmatively further fair housing subsumed within those laws, provide an opportunity to promote the creation of more mixed-income housing in low-poverty areas.

Six key general observations about mixed-income housing in low-poverty areas are noted below, followed by a discussion of eight characteristics of success.

**OBSERVATION #1**

In many metropolitan regions, there are few racially diverse mixed-income rental housing developments in low-poverty areas.

The more common development model for affordable housing has been either to build 100% (single-income tier) affordable rental sites, or mixed-income housing in higher poverty areas as part of a community redevelopment plan, such as HOPE VI. Many metropolitan areas do not have any current examples of mixed-income rental housing in low-poverty areas. Sites that include significant portions of both market-rate and affordable units are especially uncommon. However, as described in the previous section, examples of mixed-income rental housing in low-poverty areas do exist throughout the country, although their development often requires great effort and the numbers remain relatively small.

There are, of course, exceptions to this general observation. For example, Montgomery County, Maryland, a low-poverty County, has a longstanding mandatory inclusionary zoning ordinance that is based on a mixed-income model. Additionally, Montgomery County’s housing authority has a policy of combining affordable and public housing units with market-rate units on the same site and within the same buildings in diverse locations throughout the County. Also, New York City’s 80/20 housing bond program and the Chapter 40B inclusionary zoning law in Massachusetts finance the development of affordable housing units within mixed-income settings in a variety of neighborhoods and municipalities.

**OBSERVATION #2**

Current affordable housing funding source rules often encourage construction of all affordable housing developments or preservation of existing affordable housing, instead of mixed-income housing development. Additionally, when funding sources do support mixed-income housing development, it is more likely to be supported in higher poverty areas than in lower poverty areas.

As with “single-income tier” affordable rental housing, developers of mixed-income rental housing must assemble a multi-layered combination of financial resources. This observation generally holds true whether the site is located in a low, medium, or high-poverty area. While multi-layered financing is not new to affordable housing developers, mixed-income housing in low-poverty areas creates an additional set of financing complexities. In large part, these complexities stem from current affordable housing financing models being based upon the two most common affordable housing development models identified above, i.e. single-income tier all affordable rental housing or mixed-income housing in higher poverty areas. Thus, the developer who wants to create mixed-income housing in a low-poverty area faces additional challenges to assemble the multi-layered financing that will be needed for the project.

The financing tools used for affordable housing development can also be used to develop mixed-income housing in low-poverty areas. For example, a typical mixed-income housing development in a low-poverty
area may have between five and ten different funding sources, including tax credits (LIHTC), a tax-exempt bond, Community Development Block Grant (CDBG) funds, a Federal Home Loan Bank loan, HOME Funds, deferred development fees, a low interest city loan, and state and/or local housing trust fund dollars. The challenge comes when trying to combine these different financial resources to support developing mixed-income housing in a low-poverty area as opposed to a single-income tier affordable housing project in a lower poverty area or mixed-income housing in a higher poverty area.

**OBSERVATION #3**
The range and proportion of income mixing within a mixed-income rental housing development are impacted by the affordability of the local housing market.

For mixed-income rental housing in relatively affordable housing markets, there is a smaller difference in rent ranges between the income restricted units and the market-rate units at each site when compared to a more expensive housing market. For example, the difference between 50% AMI and market rents in Raleigh, North Carolina, may be as small as $50-100 per month, while in the more expensive housing market of Montgomery County, Maryland, the rent differentials between "affordable" and market-rate units in downtown Bethesda can be well over $1,000 per month per unit.

Likewise, in a 2006 report about Chapter 40B (Massachusetts) developments in suburban Boston “communities of opportunity,” the rent and sales price differentials were found to be great in three of the six mixed-income housing case studies where both market-rate and affordable prices were given. In the two homeownership developments discussed in that report, the market-rate units sold for more than twice the price of the affordable units, on average, and in the rental development, the rent differentials were about $300-400 depending on the unit size. The relationship between market-rate and affordable rents may or may not hold true over time. As a local housing market changes, the difference between income restricted units and market-rate units may widen or become smaller.

**OBSERVATION #4**
Currently, mixed-income rental sites typically include low-income housing tax credit units as one financing component and income tier.

Housing developers are using both 4% and 9% low-income housing tax credits to build mixed-income rental housing in low-poverty areas. Some developers combine bond financing with 4% tax credits and others obtain 9% tax credits without using a bond. With 9% tax credits, a developer receives more dollars per unit for development and operating costs. However, 9% tax credits are usually more difficult to obtain because of the highly competitive application process in each state. Also, in some states, 9% tax credits are more readily available for new construction projects with fewer units or for single income tier affordable projects. With tax credits, a developer can then include rental units with income tiers at <50% AMI and/or <60% AMI within a specific site.

**OBSERVATION #5**
Affirmative marketing and rental criteria impact racial diversity at a housing site throughout the life of the development.

The affirmative marketing plan and rental criteria utilized by a developer for the initial rent-up of a mixed-income housing site in a low-poverty area, as well as during the on-going management of the site, directly impacts whether the site is racially diverse. If a site's initial marketing plan includes a wide variety of media outlets and targets a broad geographic area, it is more likely that a racially diverse tenant applicant pool will be created. Since many neighborhoods are racially homogenous, especially low-poverty ones, the use of localized rental...

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43 id.
marketing techniques and criteria, such as residency preferences, limit access for prospective tenants. Also, the staging of the initial rent-up of both affordable and market-rate units can impact racial diversity as described more fully below.

Once initially rented, methods used to advertise future availabilities and re-rent apartments become critical tools for maintaining a low vacancy rate and supporting racial diversity. Mixed-income housing developers and managers in some low-poverty areas have found that attracting market-rate tenants over time is more challenging than attracting lower income tenants. These developers have successfully used private rental management companies with market-rate housing portfolios to market and re-rent apartments.

**OBSERVATION #6**

Use of fair housing advocacy and litigation tools promotes the development of mixed-income rental housing in low-poverty areas.

Specific interventions in a housing market are a precondition for the development of mixed-income housing in low-poverty areas. While these interventions may take the form of a development team strongly committed to producing such housing or a local inclusionary zoning plan, additional interventions may include fair housing advocacy and litigation. These tools can serve as both a “carrot” and a “stick” approach to creating support for a specific housing development proposal, as well as to overcoming opposition.
There are many characteristics of success shared by the examples profiled in this report. Common factors which contributed to the success of the different mixed-income developments studied include: 1) conscious choice by developer; 2) site selection; 3) uniquely combined adaptable funding sources; 4) local zoning and site acquisition opportunities; 5) local and state government participation; 6) site design; and 7) affirmative marketing and rental management plans. These seven characteristics are discussed below.

1. Conscious Choice by Developer

In each instance profiled here, the development team either, 1) looked for and identified a site in a low-poverty area for the purpose of building mixed-income housing, or 2) upon obtaining an opportunity to build in a low-poverty area, decided to create a mixed-income housing development. The developers reported that they made a commitment to expand housing opportunities and offer new choices to low-income tenants that had not previously been available within certain housing markets. This commitment guided their pursuit of financing for the project and the development plan and design.

Even when barriers were encountered, the developers found ways to surmount them in order to build in a low-poverty area or to offer different tiers of affordability at the site. Community Housing Works (CHW) and Mercy Housing in Carlsbad and HELP USA in New York City faced neighborhood opposition to their plans. While the opposition initially resulted in lawsuits filed to try to stop their development efforts, these attempts were not successful. In both instances, the housing was built. In New Jersey, Fair Share Housing Development Corporation (FSHDC) was steadfast in its commitment to offer housing opportunities to residents with very low incomes in a mixed-income setting. From the beginning, FSHDC understood that it would have been easier to obtain financing for a single-income tier development. However, FSHDC pieced together eleven different sources of funding to create income tiers ranging from 10% AMI to 80% AMI, which is considered market-rate rental in southern New Jersey.

The development teams profiled in this report include for-profit and nonprofit housing developers, as well as public housing authorities. In four of these examples, the development team included a joint venture between a for-profit and nonprofit developer. Seven developments were built solely by private nonprofit organizations. Public housing authorities were part of the development team for two of the sites. Joint ventures between for-profit and nonprofit housing developers are a promising model for creating more mixed-income housing in low-poverty areas because of the ability such partnerships have to obtain a wider array of financing for the project.

Nonprofit developers were most commonly a part of the development team for several reasons. First, they usually have greater access than for-profit developers to a wider variety of federal, state and local government housing dollars, and second, their organizational missions often support creating economically and racially diverse housing opportunities. Furthermore, the cash flow expectations for mixed-income developments containing some market-rate units are beginning to be viewed by nonprofit organizations as positive for on-going site maintenance or financing the next project.

2. Site Selection

The housing sites included in this report were all developed in low-poverty communities with healthy neighborhood infrastructures for city services, public transportation, recreation space, retail services, and other residential amenities. In addition, the communities offered high performing local schools and employment opportunities. These features attracted tenants of all incomes. For many lower income tenants moving from areas of higher poverty and crime, the site’s location in a low-poverty area was one of the key reasons for the move.

At the time they were built, the developments profiled provided a unique housing opportunity. Either they were the first apartment complex in the neighborhood to include affordable (income restricted) units and/or the first to provide a mixed-income housing setting. In general, demand was very high at the initial
rent-up phase for the affordable units with many more income qualified applicants than there were units available. Also, in most instances there was sufficient demand for the market-rate units to reach full occupancy. Because the sites profiled in the report are relatively new, it is not known how demand for the housing will be sustained over time. In Jacksonville, Florida, Lindsey Terrace was one of the first tax credit housing sites built in southern Duval County. During the past six years, other tax credit apartment complexes have been built in the same area, and vacancy rates have increased for the tax credits units at Lindsey Terrace. There is no vacancy rate for the public housing units at Lindsey Terrace. On the other hand, The Metropolitan, in Bethesda, Maryland, rarely has a vacancy in its tax credit units. As of 2006, The Metropolitan had a vacancy rate of about 3-6% in its market-rate units due to the strong competition from other, newer, luxury apartment buildings that have been built since The Metropolitan opened in 1997.

3. Uniquely Combined Adaptable Funding Sources

Developing mixed-income housing in low-poverty areas necessitates assembling a creative and wide array of adaptable federal, state, local, and private financial resources. Joint ventures between for-profit and nonprofit developers helped to facilitate the process of uniquely combining funding sources that may have otherwise only been available to one type of developer. Incorporating adaptable local and regional resources and developing new public/private partnerships also strengthened the development team’s ability to raise funds for the initial development, as well as for ongoing management of each site.

The most common source of funding among the housing sites studied was low-income housing tax credits (LIHTC) with all twelve rental sites utilizing them. Seven of the twelve rental developments received the very competitive 9% LIHTC:

- Genesis RFK in New York, NY
- Madison Glen in Raleigh, NC
- Waggoner Grove in Blacklick, OH
- Greenbrier Heights in Woodinville, WA
- Yahara River View in Madison, WI
- St. James Terrace in Yonkers, NY
- Ethel R. Lawrence Homes in Mount Laurel, NJ

Five of the developments received 4% LIHTC in combination with tax-exempt bonds:

- La Costa Paloma in Carlsbad, CA
- The Metropolitan in Bethesda, MD
- Windrow Apartments in Irvine, CA
- Rivermere Apartments in Charlotte, NC
- Lindsey Terrace in Jacksonville, FL

As of 2002, 35 states and more than 300 localities and counties in the United States had affordable housing trust funds.\(^44\) A few of the developments studied here received support from one or more of these local and state housing trust funds. For example, Greenbrier Heights in Woodinville, Washington and St. James Terrace in Yonkers, New York received funds from their respective states’ housing trust funds. Two of the fair housing remedy examples, St. James Terrace in Yonkers, New York and Ethel R. Lawrence Homes in Mt. Laurel, New Jersey, also received funds from their respective municipalities’ affordable housing trust funds.

In addition to state housing trust fund support, Greenbrier Heights in Woodinville, Washington obtained support from a unique, regional housing trust fund called ARCH (A Regional Coalition for Housing). ARCH offers both technical and financial assistance, in the form of a housing trust fund, for affordable housing development in eastern King County. ARCH was originally formed more than fifteen years ago by suburban cities east of Seattle concerned with a lack of affordable and workforce housing for employees of regional businesses. Currently, fifteen cities are members of ARCH. Member cities contribute financially to ARCH based upon their cities’ populations. ARCH educates the public about housing issues and provides assistance in developing housing plans and policies to organizations, developers and municipalities. ARCH also helps individuals and families find affordable housing.

Two unique funding sources utilized by developers were local foundation support and tax incremental financing. In Madison, Wisconsin, Commonwealth

Development obtained funding from both a local foundation and a community development financial institution for the development of Yahara River View Apartments. The Madison Community Foundation and the Dane Fund contributed support for approximately 3% of the development costs. In another instance, the developer of Waggoner Grove Apartments in Blacklick, Ohio, National Church Residences, obtained tax incremental financing (TIF) in 2002. The Blacklick site was the first residential TIF district in the state of Ohio.

4. Local Zoning and Site Acquisition Opportunities

Supportive local zoning and site acquisition opportunities aided in the development of all of the projects profiled in this report in four different ways: 1) the site was in a community that had an inclusionary zoning ordinance; 2) the site was already zoned for multi-family use when it was acquired by the developer; 3) in those instances where a zoning reclassification was requested by the developer, the local government supported the proposed housing plan; and/or 4) the site was acquired within the framework of a court ordered housing remedy. Figure 3 illustrates these four types of support.

FIGURE 3  Zoning and Site Acquisition Table

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>City, State</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>La Costa Paloma</td>
<td>Carlsbad, CA</td>
</tr>
<tr>
<td>2</td>
<td>Metropolitan</td>
<td>Bethesda, MD</td>
</tr>
<tr>
<td>3</td>
<td>Windrow</td>
<td>Irvine, CA</td>
</tr>
<tr>
<td>4</td>
<td>Genesis RFK</td>
<td>New York, NY</td>
</tr>
<tr>
<td>5</td>
<td>Madison Glen</td>
<td>Raleigh, NC</td>
</tr>
<tr>
<td>6</td>
<td>Waggoner Grove</td>
<td>Blacklick, OH</td>
</tr>
<tr>
<td>7</td>
<td>Rivermere</td>
<td>Charlotte, NC</td>
</tr>
<tr>
<td>8</td>
<td>Greenbrier Heights</td>
<td>Woodinville, WA</td>
</tr>
<tr>
<td>9</td>
<td>Yahara River</td>
<td>Madison, WI</td>
</tr>
<tr>
<td>10</td>
<td>Lindsey Terrace</td>
<td>Jacksonville, FL</td>
</tr>
<tr>
<td>11</td>
<td>St. James Terrace</td>
<td>Yonkers, NY</td>
</tr>
<tr>
<td>12</td>
<td>Ethel R.Lawrence Homes</td>
<td>Mt. Laurel, NJ</td>
</tr>
</tbody>
</table>

45 The Madison Community Foundation supports the arts, nature conservation, community and economic development, youth and the elderly by awarding grants to nonprofit organizations in Dane County and beyond. The Dane Fund, now Forward Community Investments, is a Community Development Financial Institution based in Madison that provides low-income loans and technical assistance to community development organizations and projects across the state of Wisconsin.

46 A TIF district has its local tax liability frozen for a period of time in order to stimulate investment in an area designated as in need of development. Increases in local taxes in the district, over the life of the TIF, are captured by the municipality and distributed to district projects that may increase jobs, investment or housing. Illinois Tax Incremental Finance Association. Frequently Asked Questions: [http://www.illinois-tif.com/faqs.htm#Q1](http://www.illinois-tif.com/faqs.htm#Q1). Accessed on March 15, 2007.
<table>
<thead>
<tr>
<th>Housing Remedy</th>
<th>Pre-Zoned Multi-Family Use</th>
<th>Inclusionary Zoning Ordinance</th>
<th>Zoning Reclassification Requested</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Costa Paloma</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>Parcel was zoned multi-family as part of master-planned community. State fair share law and City inclusionary zoning ordinance applied to site.</td>
</tr>
<tr>
<td>Metropolitan Bethesda</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>Site located in Montgomery County, MD which has a county-wide inclusionary zoning ordinance.</td>
</tr>
<tr>
<td>Windrow Irvine</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>Site was zoned multi-family. State fair share law and City inclusionary zoning ordinance applied to site.</td>
</tr>
<tr>
<td>Genesis RFK</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>City supported zoning resolution to subdivide city-owned lot for mixed residential and commercial use.</td>
</tr>
<tr>
<td>Madison Glen</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>Developer request to change zoning from Agricultural use to Multi-Family use approved.</td>
</tr>
<tr>
<td>Waggoner Grove</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>Site was zoned multi-family. City approved developer request to increase density.</td>
</tr>
<tr>
<td>Rivermere</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>City granted a re-zoning of the parcel from commercial/industrial use to residential use, as requested by developer.</td>
</tr>
<tr>
<td>St. James Terrace</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>City used eminent domain power to obtain site which contained motel.</td>
</tr>
<tr>
<td>Lindsey Terrace</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>City-owned vacant site.</td>
</tr>
<tr>
<td>Ethel R.L. Homes</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>Developer owned site since 1980s.</td>
</tr>
</tbody>
</table>
A local inclusionary zoning ordinance, combined with a state affordable housing plan obligating municipalities to plan for and accommodate housing affordable to all incomes, made it possible for Community Housing Works and Mercy Housing to develop LaCosta Paloma Apartments in Carlsbad, California. A local inclusionary zoning ordinance also aided in the development of Windrow Apartments in Irvine, California.

In instances where the developer acquired a site that was already zoned for multi-family use, the pre-construction phase of development was “fast-tracked.” This often meant that the developer was not required to provide notice to adjacent property owners, hold community meetings, or obtain support from local elected officials as part of the development process. Consequently, this shortened the overall development process and reduced development costs, helping to make the inclusion of affordable units within the project more economically feasible. In the few instances when a zoning variance was needed, developers were successful in obtaining support from local government officials for the specific development and its proposed income mix.

Litigation resulting in court ordered housing remedies facilitated the acquisition of land for mixed-income housing in those instances where allegations of discrimination by local governments had been made. For example, the City of Yonkers, New York, was obligated under a court ordered remedial plan to use city-owned land or to acquire land for all four mixed-income housing sites built under the plan, including St. James Terrace Apartments and Cross Street Condominiums. To facilitate the development of St. James Terrace, the City used its eminent domain authority to obtain a site being used as a motel and dental office. Neighbors were ultimately supportive of the City’s efforts to close the motel because it had been a source of criminal activity in an otherwise low crime area of the City. The site was then sold to the developer, the Seavey Organization, by the City for $1. The City of Yonkers also sold a city-owned site for $1 to the Cross Street Condominiums’ development team.

5. Local and State Government Participation

A number of local and state policy interventions contributed to the development of several of the mixed-income housing sites profiled in this report. For instance, in Charlotte, North Carolina, the local housing authority has received a total of five HOPE VI grants, including one demolition and reconstruction grant. Consistent with the HOPE VI Program goal to deconcentrate poverty, the housing authority adopted a plan that included replacement public housing units on the original demolition site, as well as off-site. However, instead of converting all of its HOPE VI off-site replacement housing into Section 8 vouchers, the housing authority adopted a plan to create replacement public housing units at sites outside of areas where public housing had historically been concentrated in the City. Consistent with this local policy, the City of Charlotte provided HOPE VI funds to The Housing Partnership to include 20 public housing units at Rivermere Apartments in northwest Charlotte.

State housing finance agency policies influenced the income mix at Madison Glen Apartments in Raleigh, North Carolina, and Greenbrier Heights in Woodinville, Washington. In both instances, the state housing finance agencies encouraged dispersing tax credit developments by giving preference to projects with smaller numbers of tax credit units. In 1998, the year that Downtown Housing Improvement Corporation (DHIC) received its tax credit allocation for Madison Glen, the North Carolina Housing Finance Agency gave additional points under its QAP to applications for developments that contained no more than 50 tax credit units. Since DHIC had recently acquired a parcel of land in northwest Raleigh large enough for more than 100 rental units, it applied for tax credits for 50 of the units and then combined them with market-rate units to create a mixed-income rental complex.

A few of the developers profiled here implemented on-going outreach and education campaigns to elicit local government and community support for their proposed mixed-income projects. These efforts included attending community meetings and educating residents, businesses, and local government before, during, and after the development was complete to explain how the housing would be an asset to the community. For example, the three developers of Greenbrier Heights - Downtown Action to Save Housing (DASH), Camwest, and Shelter Resources - worked

48 Brunick, Nicholas. “The Impact of Inclusionary Zoning on Development.” Published by Business and Professional People for the Public Interest.
cooperatively with ARCH, the regional housing trust fund, to build support for their plan. ARCH and the developers met regularly with local public officials and neighborhood representatives in the small, affluent community of Woodinville, Washington, to provide information about the design and development plans. In the end, support was built not only to gain approval for the plan, but also to actually change the zoning to increase the number of housing units at the site. Greenbrier Heights incorporates many "green" building elements and has a seamless system of sidewalks, roads, and buildings surrounding a city park. The site includes origination points for area hiking trails. With this success, the City of Woodinville is interested in supporting the development of more mixed-income housing.

In New York City, there are a number of innovative affordable housing programs created by the City’s Housing and Preservation Department (HPD) and administered by the City’s housing finance agency, the Housing Development Corporation (HDC), that support mixed-income housing development. HDC’s newest program, the Mixed-Income (50/30/20) Program, enables developers to build apartment buildings in which 50% of the units are market-rate and 50% are income restricted. Typically, the affordable units are then divided between moderate and low-income tenants with a total of 30% of the total units for households <200% AMI and 20% for households <60% AMI. HDC closed its first mixed-income loan under this program in 2002.  

In 2006, State Renaissance Court Apartments was under construction in a low-poverty neighborhood (6.1% poverty rate) near downtown Brooklyn, New York. Of the 157 units being constructed at the site, 5% of units are "Very Low Income Units" (<40% AMI), 25% of units are "Low Income Units" (<60% AMI), 20% of units are "Middle Income Units" (<200% AMI) and 50% of units are market-rate. As of the writing of this report, there has been a huge demand for the low income units at State Renaissance Court, typical in New York City’s expensive housing market. As of the fall of 2006, while the site was under construction, the developer had already received 8,000 applications for only 47 apartments. A lottery was to be held to draw applications for consideration. Once the low-income units are rented, the developer intends to open the application and lottery process for the middle-income units (approximately 30 apartments) and expects high demand for those as well.

6. Site Design

The mixed-income housing developments profiled in this report share certain design elements that integrate them into the surrounding neighborhood. First, the housing is built to market standards and incorporates design features and amenities seen in market-rate developments. Approaching the housing developments from the access road, walking among the buildings at each site, or standing inside individual units, it would be nearly impossible to know that some or all of the units are subsidized. Each developer also consciously distributed units targeted to different incomes throughout the site, so that the higher income units are not segregated from the more affordable units.

In order to attract and maintain tenants of different incomes, the developers of the sites profiled in this report intentionally designed the site’s common use elements with market features. Designated parking spaces, garages, landscaped grounds, and private unit entrances are common features at many of the sites. Communal amenities such as swimming pools, picnic areas, club houses, fitness rooms, and playgrounds were included consistent with each area's existing market-rate rental developments. These amenities provide opportunities for social and recreational interaction between residents. They enable the developers to compete with 100% market-rate rental complexes for moderate-income renters who have other housing options in the same areas.

Finally, the developers incorporated design features at each site that provide accessibility for tenants with physical disabilities consistent with the accessibility guidelines of the Fair Housing Act and state and local building codes. In some instances, the developers added accessibility features beyond those required and affirmatively marketed their sites to tenants with physical disabilities. Yahara River Apartments In Madison, Wisconsin and La Costa Paloma Apartments in Carlsbad, California, are two such examples.


Characteristics of Success
7. Affirmative Marketing and Rental Management Plans

In general, an affirmative marketing plan and sound rental criteria developed during the design phase and carried out through the future operation of the site directly impact racial diversity at a housing site. This is particularly true for mixed-income rental housing located in low-poverty areas.

For example, at La Costa Paloma Apartments, located in northern San Diego County, Community Housing Works (CHW) implemented an affirmative marketing plan that expanded the pool of prospective tenants. As a starting point, CHW created a plan that did not employ a local residency or work preference for applicants. This enabled its marketing team to design a plan to reach income eligible residents throughout San Diego County. The plan included placing ads in many different media sources, including those with a predominantly minority readership. CHW distributed flyers and rental applications to its county-wide network of housing programs, to Indian reservations, to local employers, and to organizations providing services to people with disabilities. CHW also provided rental information at the site and through the City of Carlsbad’s housing office. The marketing staff attended community meetings and events throughout the County. Although the complex is located in a City that is nearly 90% White, the tenants at La Costa Paloma were 47% White, 25% Hispanic, 13% Black, 7% Asian, and 8% Other as of 2005.

The sequencing of how units are rented and occupied also impacts racial and economic diversity within a housing site. For example, at Lindsey Terrace Apartments in Jacksonville, Florida, the developers, Jacksonville Housing Authority (JHA) and Vestcor, intentionally dispersed an equal number of public housing units at each building throughout the site. Then, as construction of each of the 14 24-unit buildings was completed, they selected public housing tenants first from a waiting list and then marketed and rented the tax credit units in each building to the general public. They then scheduled apartment move-ins so that all the tenants within several buildings moved in during the same time frame; no specific income group moved in before another. As of 2006, six years after initial rent-up, Lindsey Terrace continues to be a racially diverse apartment complex whose tenants are approximately 45% Black, 35% White, and 20% Hispanic.

The Lindsey Terrace plan contrasts with the initial rent-up process employed at Waggoner Grove in Blacklick, Ohio. At Waggoner Grove, the developer first rented all of its project-based Section 8 units to tenants from the Columbus Housing Authority (CHA) waiting list before marketing and renting the remaining 110 non-Section 8 units to the general public. Tenants from the CHA waiting list were predominantly Black households. This meant when the rental office opened for leasing to tax credit and market-rate tenants, the apartment complex was already occupied almost solely by Black tenants in an almost 80% White community. Rental managers reported anecdotally that during the initial rental period for the tax credit and market-rate units, prospective White applicants drove through the complex and did not stop at the rental office to inquire about availabilities after observing the largely non-White tenant population.54

Rental management services are provided in a variety of ways for the sites profiled in this report. One-half of the sites are managed by the nonprofit organization that developed the site. The other six sites are managed by local or regional for-profit rental management companies whose portfolios generally include market-rate apartment complexes. The developers of these sites report that using market-rate rental management companies and incorporating market-rate marketing techniques have greatly contributed to creating and sustaining demand for the market-rate units at particular sites.

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Developing and operating racially diverse mixed-income rental housing in low-poverty areas presents a number of challenges. The combination of the site’s location and mix of income tiers presents challenges that are not faced to the same degree by proposals to build all-affordable single income tier rental housing in higher poverty areas. The experiences of the developers profiled above highlight a number of these challenges, including:

- need for shared information within the field
- resource scarcity
- economic feasibility in areas with lower market rents
- local government policies that restrict access to housing units
- lack of inclusionary zoning
- higher land costs

Local or neighborhood opposition (sometimes referred to as NIMBYism) is not identified in this report as a specific development challenge because the nature and frequency of the opposition observed does not appear to be markedly different than that experienced by developers of all types of residential uses in a variety of markets. In fact, the twelve examples in this report illustrate a wide variety of local responses to proposals for mixed-income housing in low-poverty areas. These responses ranged from active local support for a specific development, to neighborhood neutrality, to lawsuits being filed by neighbors to stop the housing from being built. In each instance where local opposition rose to the level of legal action, the cases were dismissed by the courts early in the litigation process, and development proceeded as planned.

It is worth noting that federal and state fair housing laws provide developers who propose mixed-income rental housing in low-poverty areas with an additional legal tool to overcome local opposition to the project, if needed. For example, the federal Fair Housing Act makes it illegal for local governments to adopt housing programs and policies that create and/or maintain racial segregation.\(^{55}\) Local communities that receive federal housing dollars have an additional duty to “affirmatively further fair housing” by implementing programs that remove impediments to open and inclusive housing markets.\(^{56}\) These standards provide a framework within which housing developers and civil rights advocates can work together to expand access to housing opportunities in low-poverty areas.

1. **Need for Shared Information within the Field**

As illustrated by the examples in this report, housing developers are currently creating mixed-income rental housing in low-poverty areas in relative isolation from each other and from fair housing advocates. Consequently, they do not have the benefit of shared information and knowledge typically available within other models of affordable housing development. This report is intended to begin to bring much needed information about the successes and challenges of developing mixed-income housing in low-poverty areas to the field.

Similarly, civil rights attorneys and fair housing organizations are often litigating fair housing cases and developing housing remedies on a local level without the benefit of knowledge gained in similar cases in other parts of the country. There is no central repository of information about the successes and challenges of including mixed-income housing development as part of a remedy in fair housing litigation. Nascent efforts have begun at Washington University Law School to create a Civil Rights Litigation Clearinghouse. However, as of early 2007, the Clearinghouse only had information about


three housing cases - none of which included housing
discrimination claims or related remedies.
Examples of communication and knowledge gaps
that need to be closed include:
• Tools to communicate the existence and location
of mixed-income housing developments in
low-poverty areas, as well as the successes and
challenges faced, including those resulting from fair
housing litigation
• Development of ongoing infrastructure and
coordination between mixed-income housing
developers and fair housing organizations who
share a common interest in expanding housing
opportunities
• Tools for creating affirmative marketing plans
and rental criteria that will broaden the pool of
applicants and increase racial and economic
diversity in housing developments

2. Resource Scarcity
Affordable housing developers expend significant time
and effort seeking funding from public and private
sources for specific housing projects. Mixed-income
housing developers building in low-poverty areas also
face these same financial challenges. Additionally,
they often compete for these scarce resources at a
disadvantage because policy priorities and limitations on
funding sources favor the creation of single income tier
entirely affordable housing in higher poverty areas.
Understandably, limited housing resources are
routinely allocated for the most pressing short-term
housing needs, such as: 1) production of the most units
possible for low-income households; 2) development
within higher poverty areas as a tool for community
revitalization and investment; and 3) preservation of
existing affordable housing. These priorities tend to
drive affordable developers to higher poverty areas
where initial development costs and land may be less
expensive and/or more easily attainable. In the case of
housing preservation, affordable housing dollars are
invested in neighborhoods where affordable housing
has existed for many years. Given the history of most
American communities concentrating affordable
housing in minority and poor neighborhoods,
preservation efforts, in some instances, do not further
current efforts to deconcentrate poverty or create
racially inclusive communities.

Furthermore, some federal, state, and local
government policies and program requirements are
not conducive to the development of mixed-income
housing in low-poverty areas. While many programs
provide incentives for developing more affordable units
or units affordable to lower income residents, most do
not provide incentives to create mixed-income housing
that incorporates market-rate units, especially not in low-
poverty neighborhoods. Some examples of this include:
• Community Reinvestment Act (CRA) ratings for
financial institutions are calculated by lending,
investment, and service tests partially based on
service provided to “economically disadvantaged”
neighborhoods. Financial institutions are thus given
an incentive to make housing development loans to
projects sited in poorer neighborhoods, instead of to
those proposed in low-poverty areas, which would
serve lower income households.
• The “safe harbor” threshold defined by Internal Revenue
Service (IRS) regulations for nonprofit affordable housing
developers to maintain their tax-exempt status as
charitable organizations makes it more difficult to build
mixed-income housing. The basic “safe harbor” threshold
requires the following: 75% of a developer’s total units
are provided to low-income (80% AMI) residents and
that at least 20% of units are reserved for residents
at 50% AMI or 40% of units for residents at 60% AMI.
Developers may provide more than 25% of their units
to market-rate or higher income tenants, but they have
to justify this different mix of incomes to the IRS. The
extra time and effort it takes to provide justification, plus
the fear of being out of compliance with IRS regulations,
discourages some developers from creating mixed-
income developments with significant amounts of
market-rate units and providing more units to a wider
range of tenants.

• IRS regulations and Qualified Allocation Plans (QAPs) utilized by state housing finance agencies to distribute federal low-income housing tax credits provide incentives for the development of affordable housing in low-income census tracts. QAPs may award points or give preferences to projects located in Qualified Census Tracts (QCTs) – census tracts where 50% of the population is below 60% Area Median Gross Income (AMGI) or where the poverty rate is at least 25%. This discourages developers from submitting applications for housing sited in low-poverty areas which will not be viewed as competitive.

  - Some QAPs use local governmental support or approval as a threshold eligibility requirement for low-income housing tax credit applications. Others offer additional points during the application process for those projects with local governmental support or approval. Many state QAPs do not encourage mixed-income rental housing development that includes market-rate units, especially in low-poverty areas. QAPs that give incentives to build only smaller developments with too few units to create multiple income tiers or simply to build developments with the highest number of affordable units per tax credit allocated make it more difficult to create mixed-income rental housing in low-poverty areas utilizing tax credits. In the alternative, QAPs that discourage including market-rate units unless the market is robust enough to support high market rents can operate as an additional barrier to mixed-income housing development in low-poverty areas.

Because there are so many competing priorities for the few resources available for affordable housing in general, a developer trying to build mixed-income housing that includes market-rate units typically faces a difficult financing challenge. For example, if a particular housing market cannot bear high enough market-rate rents to fully support the cost of developing and operating those units over time, a developer may face reluctance on the part of funders to spend limited housing dollars on a project that benefits higher income tenants. This can be true even if market-rate rents, as they are in many areas, are affordable to households with modest incomes below 100% AMI but above 80% AMI. This resource scarcity problem will continue until public policy begins to reflect an understanding that

1) an initial investment made to create mixed-income rental housing in a low-poverty area helps in the long-term to sustain and operate the housing, and
2) mixed-income housing in low-poverty areas provides an additional tool for the deconcentration of poverty in metropolitan areas.

3. Economic Feasibility in Areas with Lower Market Rents

For developers planning to build mixed-income housing in low-poverty areas with lower market rents there is an additional financial challenge to be met in order to create an economically feasible project. Unlike developers in high rent areas where the market-rate rents should generate sufficient revenue to fully support the development and operation of those units, developers in more moderate rent markets are likely to face a financing gap. The specific challenge in these situations is for the developer to raise sufficient financial resources to bridge the gap between the funds raised from tax credits for the affordable units and the revenues to be generated from the market-rate units.

Hypothetically, the following development scenario may occur:

An entirely affordable rental development with 100 units receives approximately 70% of its total $20 million development costs (minus the cost of land, per IRS regulations) in tax credits over 10 years, for a total of $14 million. If the developer wanted to designate 50% of the 100 units as market-rate, the developer would receive only $7 million or 50% of the tax credit allocation. The developer would then have to borrow or raise $7 million more than if all 100 units were tax credit eligible.

62 Id.
If the rent differential between market-rate rents and tax credit rents were not great enough to generate the $7 million difference over time, the project would not be economically feasible with tax credits and market-rate rents alone. The developer would need to seek additional sources of financial support for the project.

4. Local Government Policies that Restrict Access to Housing

Some local governments impose or seek to impose requirements on affordable housing developers that restrict access to new housing opportunities. Some requirements are incorporated into local ordinances or zoning codes; others are made as a condition of local support for a particular project. These requirements impede the ability of developers to create racially diverse rental housing and to fully comply with fair housing laws.

For example, imposition of a preference for local residents in a suburban community that is 95% White is more likely to exclude minority applicants, since few minorities already live in the community. Use of tenant selection committees whose members must be local residents appointed by local elected officials to evaluate rental applications makes it more difficult for developers to apply standardized rental criteria in a non-discriminatory manner. Imposing school district fees on a development based on the number of children occupying each apartment could also have the impact of restricting access to new housing opportunities for families with children. Finally, local government zoning ordinances and housing programs that limit the development of all affordable housing to senior housing or “housing for older persons” (e.g. age 55+), makes affordable housing unavailable to families with children.

5. Lack of Inclusionary Zoning and Fair Share Housing Programs

As seen from the examples in this report, inclusionary zoning is a key impetus for the development of mixed-income housing in low-poverty communities. Mandatory inclusionary zoning as implemented by Montgomery County, Maryland for the past 30 years has created a wide variety of mixed-income models in low-poverty areas. Voluntary municipal efforts such as the newer 50/30/20 Program in New York City are promising examples for high cost housing markets where density bonuses, multi-year property tax abatements and other similar land use policies provide sufficient incentives to create mixed-income housing.

State-wide fair share housing programs, such as the Housing Element Law in California, require that local governments plan to “meet the existing and projected housing needs of all economic segments of the community.” However, fair share programs that permit developers or municipalities to pay an affordable housing fee to higher poverty communities or into an affordable housing trust fund in lieu of developing affordable housing in low-poverty areas through new construction or rehabilitation have been less successful in expanding housing opportunities and deconcentrating poverty.

6. Higher Land Costs

As a general rule, land costs more in low-poverty municipalities or neighborhoods than in areas of higher poverty where market demand for the land is lower. In fact, building affordable housing in low-poverty areas can be especially challenging due to land costs alone. For example, low-income housing tax credits can not be used for land acquisition. However, in those low-poverty areas with high market-rate rents a mixed-income housing model that includes market-rate units is one way to create affordable units that otherwise would not be developed because of high land costs. Examples of this model can be found in New York City and Montgomery County, Maryland.

On the other hand, in low-poverty areas where market-rate rents are lower developers must find creative solutions to raise the funds for land acquisition. One alternative has been for local governments to donate the land or transfer it to the developer for less than market value. Another has been for a private market-rate developer who owns land to partner with an affordable nonprofit housing developer who can bring public subsidies (not available to the private developer) to the project to create mixed-income housing. Incentives for these partnerships can be found in states that have fair share requirements such as California and New Jersey. Finally, fair housing litigation has resulted in settlements that include land or resources for land acquisition as part of the remedy which enables the developer to use other scarce resources for development costs to create mixed-income housing.

Conclusions and Recommended Action Steps

Efforts throughout the country to create racially diverse, mixed-income rental housing in low-poverty areas are an encouraging intersection of work in the affordable housing and fair housing fields. Affordable housing developers are incorporating diverse income tiers in new neighborhoods using various financial sources. Developers are learning that the HOPE VI Program is not the only model for creating mixed-income housing and that fair housing advocacy can be used to support their work. Fair housing advocates are finding new opportunities for low-income minority households whose choices traditionally have been limited geographically to higher poverty areas or to those landlords willing to accept Section 8 vouchers.

To sustain and build on these innovative efforts, there is a need to create housing development and litigation tools to strengthen the support for creating more racially diverse mixed-income housing in low-poverty areas. Coordinated action is needed by affordable housing developers, financial institutions, fair housing organizations, and policy makers to expand housing opportunities.

The authors of this report recommend a number of action steps to support increased development of mixed-income housing opportunities in low-poverty communities, where affordable housing has not traditionally been located or is at risk of being lost.

Expand Mixed-Income Housing Development Tools

1. Continue to identify mixed-income housing prototypes in low-poverty areas in a variety of housing markets throughout the country. Share information about the prototypes with developers, policy makers, fair housing advocates, and funders. Information provided should include evaluation of successes and challenges to the creation of more mixed-income housing in low-poverty areas.

2. Create a financial tool that will aid developers in their assessment of development and operating costs for various types of mixed-income rental housing in low-poverty areas in different housing markets. Housing analyzed should include models with two or more income tiers and those that include market-rate units. Tools should illustrate the amount of financial intervention needed to develop different types of mixed-income housing in low-poverty areas in various housing markets, including those that are not the most expensive. Tools should be used to educate policymakers and funders about the direct support required to build mixed-income housing in low-poverty areas.

3. Design tools for creating affirmative marketing plans and tenant selection protocols that 1) ensure a fair process open to all populations, and 2) increase the likelihood of racial and economic diversity when mixed-income rental housing is developed in low-poverty areas.

4. Evaluate whether the requirements, priorities, and methods utilized in state Qualified Allocation Plans (QAP) encourage or discourage the development of mixed-income housing in all areas, including low-poverty areas. The examination should include information about the number and type of housing units created under different QAPs, as well as the poverty rates of the areas in which LIHTC housing units have been created.

5. Create a centralized library of quantitative and qualitative information about the benefits of mixed-income and racially diverse housing and neighborhoods, including the benefits of mixed-income housing in low-poverty areas to residents.

Expand Mixed-Income Housing Litigation Tools

6. Continue to identify and distribute information about fair housing cases resulting in remedies that create mixed-income and other housing opportunities in low-poverty communities. Information should be gathered from a wide variety of cases, including those brought by housing developers against public entities to challenge discriminatory barriers to development. Information about successful litigation models and remedies should be made available to housing developers, fair housing organizations, and civil rights attorneys.
7. Develop legal challenges to discriminatory practices that restrict housing choice based on race, color, national origin and disability. Focus efforts on those legal challenges that are more likely to result in remedies creating new housing opportunities for tenants and homebuyers traditionally excluded from low-poverty areas. Disseminate information to housing developers, fair housing organizations, and civil rights attorneys about how to develop similar legal challenges, as well as design remedies that include the creation of mixed-income housing in low-poverty areas.

Augment and Strengthen Infrastructure for Development of Mixed-Income Housing

8. Create a national resource center to provide tools and legal strategies to overcome discriminatory barriers to housing opportunities, support the development of mixed-income housing, expand housing choice, and deconcentrate poverty. Such a national center would engage in wide variety of activities, including:
   • Designing strategies to challenge local government and housing program policy barriers to the development of racially diverse, mixed-income housing in low-poverty areas
   • Educating the broader community, including public agencies, about the adverse effects of poverty concentration and the benefits of expanding housing choice, including creating mixed-income housing opportunities in low-poverty areas
   • Providing increased opportunities for dialogue, planning, and coordinated activities between mixed-income housing developers, policymakers, funders, fair housing organizations, and civil rights attorneys to create open and inclusive communities

9. Develop a strategy to reform state Qualified Allocation Plans to include incentives to use tax credits to create mixed-income rental housing in low-poverty areas.

10. Support the creation of regional housing voucher programs with mobility counseling, capable of expanding housing choice through increasing access to educational, employment and other opportunities, and reducing poverty concentration in metropolitan areas.

11. Support efforts to adopt inclusionary zoning ordinances that mandate the inclusion of affordable housing on-site with market-rate units in an integrated manner. Although roughly 350-400 localities, including a few large cities, in the U.S. have some type of inclusionary zoning ordinance, many permit the construction of affordable units off-site or payments in lieu of constructing affordable units. Without requiring that all or a minimum number of affordable units be physically combined with market-rate units within the same development, many of these ordinances do not deconcentrate poverty or promote racial integration. This segregative model should be replaced with an inclusive model that expands locational choice for lower income households and encourages racial and economic diversity within specific developments and neighborhoods.

12. Support the creation of regional housing trust funds that 1) provide funds for affordable and mixed-income housing in different types of neighborhoods, including low-poverty areas, and 2) offer technical assistance to developers and community education to those in the region about the benefits of expanding housing opportunities.

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Appendices
## APPENDIX A

Populations Below Poverty Level by Race Residing in Low-Poverty Census Tracts in the 35 Largest Metropolitan Areas

<table>
<thead>
<tr>
<th>Pop. Ranking</th>
<th>Metropolitan Statistical Area</th>
<th>Total Population</th>
<th>Total Population Below Poverty Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New York-Northern New Jersey-Long Island, NY-NJ-PA</td>
<td>18,323,002</td>
<td>625,005</td>
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<tr>
<td>2</td>
<td>Los Angeles-Long Beach-Santa Ana, CA</td>
<td>12,365,627</td>
<td>313,661</td>
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<tr>
<td>3</td>
<td>Chicago-Naperville-Joliet, IL-IN-WI</td>
<td>9,098,316</td>
<td>240,189</td>
</tr>
<tr>
<td>4</td>
<td>Philadelphia-Camden-Wilmington, PA-NJ-DE</td>
<td>5,687,147</td>
<td>222,533</td>
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<tr>
<td>5</td>
<td>Dallas-Fort Worth-Arlington, TX</td>
<td>5,161,544</td>
<td>161,408</td>
</tr>
<tr>
<td>6</td>
<td>Miami-Fort Lauderdale-Miami Beach, FL</td>
<td>5,007,564</td>
<td>154,716</td>
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<td>7</td>
<td>Washington-Arlington-Alexandria, DC-VA-MD</td>
<td>4,796,183</td>
<td>93,830</td>
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<td>8</td>
<td>Houston-Baytown-Sugar Land, TX</td>
<td>4,715,407</td>
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<td>9</td>
<td>Detroit-Warren-Livonia, MI</td>
<td>4,452,557</td>
<td>177,742</td>
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<td>10</td>
<td>Boston-Cambridge-Quincy, MA-NH</td>
<td>4,391,344</td>
<td>199,403</td>
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<tr>
<td>11</td>
<td>Atlanta-Sandy Springs-Marietta, GA</td>
<td>4,247,981</td>
<td>132,329</td>
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<td>12</td>
<td>San Francisco-Oakland-Fremont, CA</td>
<td>4,211,876</td>
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<td>Riverside-San Bernardino-Ontario, CA</td>
<td>3,254,821</td>
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<td>Phoenix-Mesa-Scottsdale, AZ</td>
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<td>15</td>
<td>Seattle-Tacoma-Bellevue, WA</td>
<td>3,043,740</td>
<td>145,092</td>
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<tr>
<td>16</td>
<td>Minneapolis-St. Paul-Bloomington, MN-WI</td>
<td>2,968,806</td>
<td>102,233</td>
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<td>17</td>
<td>San Diego-Carlsbad-San Marcos, CA</td>
<td>2,813,833</td>
<td>107,087</td>
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<td>18</td>
<td>St. Louis, MO-IL</td>
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<td><strong>15,412,615</strong></td>
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(Source: 2000 Census for Core Based Statistical Areas)

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<tr>
<th>Metropolitan Statistical Area</th>
<th>Total Population</th>
<th>Total Population</th>
<th>Below Poverty Level %</th>
<th>White</th>
<th>African American</th>
<th>Hispanic</th>
<th>White</th>
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<th>Hispanic</th>
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<td>6%</td>
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<td>36%</td>
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</tr>
<tr>
<td>St. Louis, MO-IL</td>
<td>2,698,687</td>
<td>124,483</td>
<td>58%</td>
<td>8%</td>
<td>36%</td>
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</tr>
<tr>
<td>Baltimore-Towson, MD</td>
<td>2,552,994</td>
<td>138,060</td>
<td>55%</td>
<td>12%</td>
<td>41%</td>
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</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>2,431,087</td>
<td>189,303</td>
<td>48%</td>
<td>13%</td>
<td>33%</td>
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</tr>
<tr>
<td>Tampa-St. Petersburg-Clearwater, FL</td>
<td>2,395,997</td>
<td>145,289</td>
<td>39%</td>
<td>9%</td>
<td>20%</td>
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</tr>
<tr>
<td>Kansas City, MO-KS</td>
<td>2,179,240</td>
<td>70,207</td>
<td>56%</td>
<td>22%</td>
<td>18%</td>
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</tr>
<tr>
<td>Cleveland-Elyria-Mentor, OH</td>
<td>2,148,143</td>
<td>94,383</td>
<td>54%</td>
<td>7%</td>
<td>9%</td>
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</tr>
<tr>
<td>Cincinnati-Middletown, OH-KY-IN</td>
<td>2,009,632</td>
<td>115,759</td>
<td>48%</td>
<td>13%</td>
<td>33%</td>
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</tr>
<tr>
<td>Portland-Vancouver-Beaverton, OR-WA</td>
<td>1,927,881</td>
<td>117,533</td>
<td>32%</td>
<td>10%</td>
<td>5%</td>
<td></td>
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</tr>
<tr>
<td>Kansas City, MO-KS</td>
<td>1,836,038</td>
<td>80,516</td>
<td>56%</td>
<td>11%</td>
<td>24%</td>
<td></td>
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</tr>
<tr>
<td>Sacramento-Arden-Arcade-Roseville, CA</td>
<td>1,796,857</td>
<td>96,752</td>
<td>32%</td>
<td>9%</td>
<td>14%</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>San Jose-Sunnyvale-Santa Clara, CA</td>
<td>1,735,819</td>
<td>32,496</td>
<td>68%</td>
<td>47%</td>
<td>27%</td>
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</tr>
<tr>
<td>San Antonio, TX</td>
<td>1,711,703</td>
<td>45,658</td>
<td>39%</td>
<td>8%</td>
<td>36%</td>
<td></td>
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</tr>
<tr>
<td>Orlando, FL</td>
<td>1,644,561</td>
<td>70,952</td>
<td>58%</td>
<td>8%</td>
<td>36%</td>
<td></td>
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</tr>
<tr>
<td>Columbus, OH</td>
<td>1,612,694</td>
<td>94,954</td>
<td>41%</td>
<td>10%</td>
<td>27%</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Providence-New Bedford-Fall River, RI-MA</td>
<td>1,582,997</td>
<td>103,045</td>
<td>39%</td>
<td>10%</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Virginia Beach-Norfolk-Newport News, VA-NC</td>
<td>1,576,370</td>
<td>51,837</td>
<td>48%</td>
<td>13%</td>
<td>33%</td>
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</tr>
<tr>
<td>Indianapolis, IN</td>
<td>1,525,104</td>
<td>72,929</td>
<td>42%</td>
<td>16%</td>
<td>25%</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Milwaukee-Waukesha-West Allis, WI</td>
<td>1,500,741</td>
<td>51,219</td>
<td>54%</td>
<td>4%</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

United States: 281,421,906 | 15,412,615 | 7,912,903 | 7,797,703 | 36% | 9% | 11%
APPENDIX B
Location of Populations Below the Poverty Level by Race and by Poverty Concentration of Census Tracts

Metropolitan Statistical Areas of CHOICE Initiative Partners (New York, Dallas, and Milwaukee) and the United States
Appendix B: Location of Populations Below the Poverty Level by Race and by Poverty Concentration of Census Tracts

**New York Metropolitan Area**

- African Americans Below Poverty Level: 100%
- Latinos Below Poverty Level: 100%
- Whites Below Poverty Level: 100%

**Poverty Concentration in Census Tracts**

- Low Poverty (10% or less): 20%
- Medium Poverty (10-20%): 40%
- High Poverty (20-30%): 60%
- Extreme Poverty (30% or More): 80%

**Dallas Metropolitan Area**

- African Americans Below Poverty Level: 100%
- Latinos Below Poverty Level: 100%
- Whites Below Poverty Level: 100%

**Milwaukee Metropolitan Area**

- African Americans Below Poverty Level: 100%
- Latinos Below Poverty Level: 100%
- Whites Below Poverty Level: 100%

**Poverty Concentration in Census Tracts**

- Low Poverty (10% or less): 20%
- Medium Poverty (10-20%): 40%
- High Poverty (20-30%): 60%
- Extreme Poverty (30% or More): 80%

**United States**

- African Americans Below Poverty Level: 85%
- Latinos Below Poverty Level: 85%
- Whites Below Poverty Level: 85%

**Poverty Concentration in Census Tracts**

- Low Poverty (10% or less): 20%
- Medium Poverty (10-20%): 40%
- High Poverty (20-30%): 60%
- Extreme Poverty (30% or More): 80%
**APPENDIX C  CHOICE Initiative Litigation Matrix**

<table>
<thead>
<tr>
<th>Case</th>
<th>Housing Claim</th>
</tr>
</thead>
</table>
| **Yonkers, NY**  
*United States and Yonkers NAACP v. Yonkers Board of Education, City of Yonkers, State of New York, and HUD*  
Filed: 1980  
Housing Remedy Order issued in 1986 with subsequent consent decrees and Long Term Plan Orders entered from 1988 through 2007. | City, State, and HUD intentionally created and maintained residential racial segregation by restricting all public and other subsidized housing to southwest Yonkers, a predominantly minority community. |
| **East Texas and City of Paris, TX**  
*Young v. Pierce (Young v. Cisneros)*  
Filed: 1980  
*East Texas:* Injunctions entered in 1986 and 1988  
*City of Paris:* Preliminary Injunction and Order entered in 1990 with Agreed Site Selection Order in 1991. | Housing authority and HUD created and operated racially segregated public housing in East Texas.  
City of Paris refused to rezone land to permit development of public housing because of White neighborhood opposition. |
| **Dallas, TX**  
*Walker v. HUD and Dallas Housing Authority (also Walker v. City of Mesquite)*  
Filed: 1985  
**Hamptons at Lakewest:** 225 replacement public housing units included at 950-unit housing development in West Dallas neighborhood funded under HOPE VI program. |
### Remedy - Housing Units

<table>
<thead>
<tr>
<th></th>
<th>Scattered-Site</th>
<th>Mixed-Income</th>
<th>Other Remedies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Housing:</strong></td>
<td>200 public housing units at 6 sites outside of southwest Yonkers</td>
<td><strong>Hoover Road:</strong> 20 units in 10 two-family homes with a rental unit: 50% market-rate, 50% affordable with income tiers from 50-80% AMI</td>
<td>• Housing mobility counseling program</td>
</tr>
<tr>
<td><strong>Affordable Sales/Rental:</strong></td>
<td>600 affordable sales and rental housing opportunities based on court created credit system; used combination of homeownership down payment assistance program for existing housing outside of southwest Yonkers, a county-wide rental assistance program, and new construction to provide units</td>
<td><strong>Cross Street:</strong> 22 condominiums: 40% market-rate, 60% affordable with income tiers from 50-100% AMI</td>
<td>• City Affordable Housing Ordinance requiring all new multi-family housing constructed in City outside of southwest Yonkers to include at least 20% affordable units</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Sprain Lake Estates:</strong> 35 fee simple homes: 50% market-rate, 50% affordable with income tiers from 50-100% AMI</td>
<td>• Affordable housing trust fund created with 25% of City’s annual CDBG money allocated to fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Yonkers Avenue:</strong> 64 rental units: 50% market-rate, 50% affordable with income tiers from &lt;35%-80% AMI</td>
<td></td>
</tr>
<tr>
<td><strong>City of Paris:</strong></td>
<td>34 public housing units constructed in 1993 at site outside of predominantly minority and high-poverty neighborhoods.</td>
<td><strong>East Texas:</strong> Program for class members to transfer between housing authority programs</td>
<td>• Demolition of 2,630 units of public housing</td>
</tr>
<tr>
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<td></td>
<td>• New public housing tenant assignment plan</td>
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<td></td>
<td>• $500K annually for five years for a fair housing counseling program</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>• Section 8 housing mobility program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Community redevelopment plan for neighborhoods in West Dallas where public housing located</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 139 Section 8 vouchers for replacement public housing units</td>
</tr>
<tr>
<td></td>
<td>As of 2004, 216 units had been built in cluster sites outside of West Dallas with total public housing units at each site typically ranging from 30-75. Examples include:</td>
<td></td>
<td>(continued)</td>
</tr>
<tr>
<td><strong>Meandering Way:</strong></td>
<td>30 units</td>
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<tr>
<td><strong>The Villas at Hillcrest:</strong></td>
<td>40 units</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Frankford Town Homes:</strong></td>
<td>76 units</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Peters Colony:</strong></td>
<td>160-unit apartment complex in Carrolton, TX with 15% of units at &lt;30% and allocated to Walker plaintiffs, 50% at &lt;50% AMI, and 35% at &lt; 80% AMI</td>
<td><strong>Wellington Place:</strong> 107-unit apartment complex in Coppell, TX with 70% of units at &lt;50% AMI and 30% &lt;80% AMI</td>
<td>• Restoration of African American Section 8 applicants to waiting list</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>• Renovation plan for public housing in minority areas to make substantially equal to HUD subsidized housing in predominantly White areas</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Section 8 housing mobility program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Community redevelopment plan for neighborhoods in West Dallas where public housing located</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 139 Section 8 vouchers for replacement public housing units</td>
</tr>
<tr>
<td><strong>Westlake Village:</strong></td>
<td>240 unit mixed-income apartment complex in Mesquite, TX</td>
<td></td>
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</tr>
</tbody>
</table>
### APPENDIX C  CHOICE Initiative Litigation Matrix continued

<table>
<thead>
<tr>
<th>Case</th>
<th>Housing Claim</th>
<th>On-Site</th>
</tr>
</thead>
</table>
| **Allegheny County (Pittsburgh), PA**  
*Sanders v. HUD, Allegheny County Housing Authority, Redevelopment Authority of Allegheny County; and Allegheny County*  
Filed: 1988  
Consent Decree entered in 1994. | Housing authority, County, and HUD failed to eliminate racial segregation in County public and subsidized housing programs. | |
| **Providence, RI**  
*Project B.A.S.I.C. v. Kemp; HUD; Providence Housing Authority; City of Providence*  
Filed: 1989  
Consent Decree entered in 1991. | Minority public housing tenants challenged proposed housing authority plan to demolish public housing located in predominantly White neighborhood and limit replacement public housing units to predominantly minority and racially integrated neighborhoods. | 32 units were re-built on the site of Hartford Park, a public housing development located in a predominantly white neighborhood of Providence |
| **Kansas City, MO**  
*Tinsley v. Kemp; HUD; Housing Authority of Kansas City*  
Filed: 1989  
Consent Decree entered in 1991; Contempt order entered in 1993 and Court placed housing authority into receivership; Court appointed Special Master in 1994 and entered order resolving all related lawsuits. | Housing authority failed to physically maintain public housing units at several sites with 99% minority tenant occupancy, and then proposed demolition of units with no replacement units or relocation plan. | Renovation and reconstruction of 3 out of 11 public housing developments under HOPE VI Program completed. Court orders mandated that for each public housing unit not rebuilt on-site, one scattered-site replacement unit be created.  
Example:  
**Cardinal Ridge:**  
- 70 rental units: 15% are public housing, 55% are <60% AMI and 30% are market rate  
- 90-unit senior rental building  
- 25 homeownership units |
## Remedy - Housing Units

<table>
<thead>
<tr>
<th>Scattered-Site</th>
<th>Mixed-Income</th>
<th>Other Remedies</th>
</tr>
</thead>
<tbody>
<tr>
<td>130 scattered-site rental and sales units constructed in non-minority neighborhoods throughout Allegheny County, outside of City of Pittsburgh. These units include: • 91 single family homes and one duplex • 37 clustered units dispersed among the following three rental sites:  ◦ <strong>Caldwell Station</strong>: 6 of 18 rental units  ◦ <strong>Forrest Green</strong>: 22 of 60 rental units  ◦ <strong>Monroe Meadows</strong>: 9 of 45 rental units</td>
<td></td>
<td>• 1,100 Section 8 vouchers • Housing mobility counseling program created • 25% of Allegheny County economic and community development funds allocated to areas with the highest concentration of African Americans and federally subsidized housing</td>
</tr>
<tr>
<td>240 new construction public housing units acquired by Housing Authority in City of Providence. Most units were duplexes; some were single family. 109 units were sited in neighborhoods outside of minority concentration.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>As of 2002:</strong> 300 new construction and acquired single family replacement public housing units throughout City.</td>
<td>2 mixed-income rental complexes constructed:  <strong>Villa del Sol:</strong> 120-unit rental complex: 54% public housing units and 45% tax credit and market-rate units  <strong>Willow Glen:</strong> 55-unit rental complex with 38% public housing units and 62% market-rate units</td>
<td>• Revised tenant waiting list and unit assignment plan to facilitate desegregation • Adopted affirmative marketing plan for tenants and landlords</td>
</tr>
</tbody>
</table>

(continued)
### APPENDIX C  CHOICE Initiative Litigation Matrix continued

<table>
<thead>
<tr>
<th>Case</th>
<th>Housing Claim</th>
<th>On-Site</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Omaha, NE</strong></td>
<td>Housing authority, City, and HUD excluded minority public housing residents who were displaced by impending demolition from a scattered-site housing program.</td>
<td><strong>On-Site</strong></td>
</tr>
</tbody>
</table>
| *Hawkins v. Cisneros; HUD; Omaha Housing Authority; City of Omaha* | Filed: 1990  
| **New Haven, CT**           | Housing authority plan to demolish public housing limited development of replacement housing units to minority areas and did not include predominantly White areas in response to White neighborhood opposition.                                                                 | **On-Site** |
| *Christian Community Action (CCA) v. Cisneros, HUD, and New Haven Housing Authority* | Filed: 1991  
| **Minneapolis/St. Paul, MN**| City housing authority, regional redevelopment agency, City, and HUD created and maintained racially segregated public housing and Section 8 housing program.                                                                 | **As of 2006:** |
| *Hollman and NAACP v. Cisneros (HUD), Minneapolis Public Housing Authority, Minneapolis Comm. Dev. Agency, City of Minneapolis, Metropolitan Council, and Metropolitan Council Redevelopment Authority* | Filed: 1992  
Consent Decree entered in 1995.                                                                                                                                                | **Heritage Park:** |
| **Milwaukee, WI**           | City denied zoning variance for construction of low-income elderly rental housing in predominantly White neighborhood in response to racially motivated local opposition.                                                                 | **Three Oaks Circle:** |
| *Indian Council of the Elderly, Inc./United States v. City of Milwaukee, WI* | Filed: 1994 by Indian Council and in 1997 by United States  
Consent Order entered in 2001.                                                                                                                                                | **48-unit one-bedroom apartment complex for low-income seniors constructed in alternative location in same neighborhood** |
### Remedy - Housing Units

<table>
<thead>
<tr>
<th>Scattered-Site</th>
<th>Mixed-Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>240 individual public housing units throughout the City of Omaha Plus clustered, scattered-site buildings:</td>
<td><strong>Ernie Chambers Court:</strong> 70-unit apartment complex with 32 public housing units and 38 units &lt; 60% AMI</td>
</tr>
<tr>
<td><strong>Securities:</strong> 35 units</td>
<td><strong>Timber Creek:</strong> 130-unit apartment complex with 45 public housing units and 85 market-rate units</td>
</tr>
<tr>
<td><strong>Cherry Tree:</strong> 30 units</td>
<td>&quot;112 Section 8 vouchers &quot;</td>
</tr>
<tr>
<td><strong>Crown Creek:</strong> 37 units</td>
<td>&quot;$500K for housing mobility counseling program for five years&quot;</td>
</tr>
<tr>
<td><strong>Farnam Street:</strong> 30 units</td>
<td>&quot;Modified public housing tenant selection, relocation, and assignment plan&quot;</td>
</tr>
</tbody>
</table>

| 157 public housing units in City of New Haven | • 356 Section 8 vouchers |
| • 356 Section 8 vouchers | • 152 bridge certificates |
| • Regional housing mobility counseling program | • City operated fair housing testing program |

### As of 2006:

**Individual Public Housing Units:**
- **City:** 222 units
- **Suburbs:** 190 units
  - Scott County: 80
  - Carver County: 50
  - Washington County: 60

**Public Housing Units Within Apartment Complexes:**
- **City:** 14 units at 2 sites
- **Suburbs:** 122 units at 20 sites in 14 communities

**As of 2006:**

**Shenandoah Woods:**
- 64-unit mixed-income rental complex, with 10% public housing units, 34% units at <50% AMI, 34% units at <60% AMI, and 22% market-rate units

**Stone Creek:**
- 132-unit apartment complex with 10% public housing units, 15% affordable units, and 75% market-rate units

**As of 2006:**

- **900 Section 8 housing vouchers**
- **Housing mobility counseling program**
- **Metropolitan-wide internet-based affordable housing clearinghouse to maximize access to existing low-income housing ($500K per year for 5 years)**

### (continued)

- **$340K in damages paid to Indian Council**

(continued)
### APPENDIX C  CHOICE Initiative Litigation Matrix continued

<table>
<thead>
<tr>
<th>Case</th>
<th>Housing Claim</th>
<th>On-Site</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baltimore, MD</strong></td>
<td>Housing authority, City and HUD created and maintained residential racial segregation by making public housing tenant assignments based on race and locating public housing sites in minority neighborhoods. Also, defendants proposed a public housing demolition plan that limited replacement housing units to minority neighborhoods due to opposition from White neighborhood residents.</td>
<td><strong>As of 2006:</strong> 1,213 on-site replacement units developed at five different sites. Units included family public housing, senior public housing rental buildings, rental units at &lt;60% AMI, and affordable homeownership units.</td>
</tr>
<tr>
<td><strong>Thompson v. HUD, Housing Authority of Baltimore City, and City Council of Baltimore</strong></td>
<td>Filed: 1995; Partial consent decree entered in 1996; Plaintiffs’ proposal final remedial order pending with the Court as of 2006.</td>
<td><strong>As of 2006:</strong> 1,213 on-site replacement units developed at five different sites. Units included family public housing, senior public housing rental buildings, rental units at &lt;60% AMI, and affordable homeownership units.</td>
</tr>
<tr>
<td><strong>Galveston, TX</strong></td>
<td>Housing authority attempted to sell public housing located in White areas, failed to physically maintain public housing units in minority areas, and refused to create more public housing units in non-minority areas of City.</td>
<td>Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.</td>
</tr>
<tr>
<td><strong>Ethridge v. Galveston Housing Authority; Galveston Redevelopment and Community Enterprise Corporation (GRACE); City of Galveston, TX; and United States</strong></td>
<td>Filed: 1996; Consent Decree entered in 1997.</td>
<td>Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.</td>
</tr>
<tr>
<td><strong>Milford, CT</strong></td>
<td>Housing authority and City cancelled federally-subsidized scattered-site public housing program in predominantly White community due to racially based local opposition.</td>
<td><strong>As of 2006:</strong> Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.</td>
</tr>
<tr>
<td><strong>United States v. Housing Authority of the Town of Milford and City of Milford, CT</strong></td>
<td>Filed: 1996; Settlement Agreement entered in 1998 with modifications in 2000.</td>
<td>Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.</td>
</tr>
<tr>
<td><strong>Lake Station, IN</strong></td>
<td>City refused to permit development of subdivision of affordable homes in predominantly White community due to racially motivated local opposition.</td>
<td><strong>As of 2006:</strong> Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.</td>
</tr>
<tr>
<td><strong>Northwest Indiana Open Housing Center and United States v. City of Lake Station, IN and the Advisory Plan Commission of the City of Lake Station</strong></td>
<td>Filed: 1998; Consent Order entered in 2000.</td>
<td>Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.</td>
</tr>
<tr>
<td><strong>Jacksonville, FL</strong></td>
<td>Housing authority and City failed to implement a HUD-approved public housing demolition plan that mandated creating replacement public housing units in both minority and White neighborhoods.</td>
<td><strong>As of 2006:</strong> Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.</td>
</tr>
<tr>
<td><strong>United States v. Jacksonville Housing Authority and City of Jacksonville, FL</strong></td>
<td>Filed: 2000; Consent Decree entered upon filing of lawsuit in 2000.</td>
<td>Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.</td>
</tr>
</tbody>
</table>
### Remedy - Housing Units

<table>
<thead>
<tr>
<th>Scattered-Site</th>
<th>Mixed-Income</th>
<th>Other Remedies</th>
</tr>
</thead>
</table>
| **As of 2006:**
285 public housing replacement units in Baltimore City and County
240 project-based Section 8 rental and 8 homeownership units throughout metropolitan area | **As of 2006:**
Arbor Oaks:
180-unit development with 30% built as public housing units, 30% as rental units at <60% AMI, and 30% as affordable homeownership units
Hillside Park:
90-unit rental complex with 33% public housing units and 66% affordable homeownership and rental units at <60% AMI | • 1,342 Section 8 vouchers
• Mobility housing counseling program |
| 25 public housing units built in neighborhoods around Galveston | | • 90 Section 8 vouchers for replacement public housing
• 200 additional Section 8 vouchers |
| Housing authority created 18 public housing units by purchasing single family homes located throughout City. | | |
| **As of 2006:**
Phase 1 of original subdivision under construction. Phase 1 will include 58 homeownership units with 51% to be sold to low/moderate income buyers and 49% to be sold at market-rates.
Developer may apply for approval for up to 125 total units | **Colonial:**
100 public housing units created by purchasing existing apartment building in west Duval County | • Mobility counseling program with moving expenses for Section 8 voucher holders residing in northwest Jacksonville who are interested in moving to other areas of Duval County
• Individual complainants received $381K in damages |
| **Lindsey Terrace:**
336-unit new construction rental development: 25% public housing units, 70% at <60% AMI, and 5% market-rate units in southern Duval County | **Riviera:**
139 total rental units created by purchasing two adjacent sites in west Duval County. Consolidated site has 78 market-rate units and 61 public housing units | |
| **(continued)** | | |

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**Galveston, TX**
Ethridge v. Galveston Housing Authority; Galveston Redevelopment and Community Enterprise Corporation (GRACE); City of Galveston, TX; and United States
Filed: 1996
Consent Decree entered in 1997.
Housing authority attempted to sell public housing located in White areas, failed to physically maintain public housing units in minority areas, and refused to create more public housing units in non-minority areas of City.
Created 36 replacement public housing units at Cedar Terrace site. All 36 units were homeownership.
25 public housing units built in neighborhoods around Galveston
• 90 Section 8 vouchers for replacement public housing
• 200 additional Section 8 vouchers

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**Milford, CT**
United States v. Housing Authority of the Town of Milford and City of Milford, CT
Filed: 1996
Housing authority and City cancelled federally-subsidized scattered-site public housing program in predominantly White community due to racially based local opposition.
Housing authority created 18 public housing units by purchasing single family homes located throughout City.

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**Lake Station, IN**
Northwest Indiana Open Housing Center and United States v. City of Lake Station, IN and the Advisory Plan Commission of the City of Lake Station
Filed: 1998
Consent Order entered in 2000.
City refused to permit development of subdivision of affordable homes in predominantly White community due to racially motivated local opposition.
As of 2006:
Phase 1 of original subdivision under construction. Phase 1 will include 58 homeownership units with 51% to be sold to low/moderate income buyers and 49% to be sold at market-rates.
Developer may apply for approval for up to 125 total units

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**Jacksonville, FL**
United States v. Jacksonville Housing Authority and City of Jacksonville, FL
Filed: 2000
Consent Decree entered upon filing of lawsuit in 2000.
Housing authority and City failed to implement a HUD-approved public housing demolition plan that mandated creating replacement public housing units in both minority and White neighborhoods.
Colonial:
100 public housing units created by purchasing existing apartment building in west Duval County
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<th>Case</th>
<th>Housing Claim</th>
<th>On-Site</th>
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| **Pooler, GA**           | City blocked construction of elderly low-income rental housing in predominantly White suburb for racially discriminatory reasons. | **Consent Decree:** 68 units of elderly rental housing at <50% AMI to be built in Pooler, GA  
**As of 2006:** No developer selected yet by City. Sites proposed by City do not meet eligibility criteria for LIHTC program. Motion for contempt pending. |
| United States v. City of Pooler, GA | Filed: 2001  
Consent Decree entered in 2003. |                                                                         |
| **Buellton, CA (Santa Barbara County)** | City discriminated on the basis of national origin when it used code enforcement to eliminate existing affordable housing and facilitate redevelopment without triggering City’s obligations to provide relocation assistance benefits, and replacement units to Latino residents. |                                                                         |
| Garcia v. City of Buellton, CA; Buellton City Council; and Buellton Redevelopment Agency | Filed: 2002  
Consent Decree entered in 2003. |                                                                         |
| **Stockton, CA**         | City closed Single Room Occupancy (SRO) buildings in downtown area for code violations without providing relocation support and housing for tenants, many of whom were persons with disabilities. | **As of 2006:** 156 studio and one-bedroom SRO replacement units created through refurbishment of Stockton Hotel in redevelopment area with 50% at <35% AMI and 50% at <45% AMI |
| Price v. City of Stockton, CA; City Council; Redevelopment Agency; Department of Housing and Redevelopment | Filed: 2002  
Settlement Agreement signed in 2005. |                                                                         |
### Remedy - Housing Units

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<tr>
<th>Scattered-Site</th>
<th>Mixed-Income</th>
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### Other Remedies

- $25,000 damages to developer who proposed housing
- City must provide financial incentive package valued at $425,000 to future developer to support creation of 68 units of low-income elderly rental housing. Package to include cost of LIHTC application fee, local fee waivers, land, in-kind services, grants, etc.
- City must require future developer not to use residency preferences.

### As of 2006:

**Valley Station:**
36 homeownership units with a minimum of 20% affordable units

**Vintage Walk:**
Mixed-use development with 10 commercial spaces, 11 town house units and 6 affordable rental units - to be completed Spring 2007

### To be built:

- 185 units (100 <30% AMI and 85 at <85% AMI)
  - May be built anywhere in the city, as long as they are near transit and services
  - 50% of the units to be completed by 2009 and remainder by 2010
- $1.45 M relocation assistance fund for displaced SRO tenants over five years. After five years, balance to be used for construction of units for extremely low income persons and families
- $45,000 in relocation assistance for individual plaintiffs

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**Buellton, CA (Santa Barbara County)**

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- In 2004, City adopted an Affordable Housing Overlay Zone (AHOZ) in various areas of City.
  - AHOZ imposes requirement that a minimum of 20% of total units be affordable to very low (30% AMI), low (80% AMI) and moderate income households (120% AMI).
  - City code created affordable housing trust fund to provide affordable housing and relocation assistance
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Increasing Access to Low-Poverty Areas by Creating Mixed-Income Housing

Diane L. Houk
Erica Blake
Fred Freiberg

June 2007