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Mixed-Income Housing in Detroit

ABSTRACT:

The urban planning redevelopment strategy, mixed-income housing is a solution to Detroit's hyper-concentrated neighborhood poverty that involves public housing that integrates both subsidized housing units for low-income families and market-rate units to "attract higher income residents" (Levy et al. 15). The design of mixed-income housing communities, including an equal number of market-rate and subsidized housing units and dispersal of these units throughout the developments, combined with the community building efforts of social service providers will offer a social "space of opportunity" (Levy et al. 24) for lower-income residents to broaden their social capital through interaction with middle-income residents (Chaskin & Joseph 303). With effective public-private partnerships, tax incentives for developers, public housing subsidies, and federal grants, mixed-income housing is monetarily feasible. In this paper I will explain the historic patterns that have led to hyper-concentrated poverty in Detroit, rely on past precedent in order to suggest reform through mixed-income housing and explain the financial viability of such a redevelopment strategy.

INTRODUCTION: THE PROBLEM AND THE SOLUTION

Detroit's housing crisis is part of a historic trajectory of events. The most transparent and immediate cause of Detroit's escalating housing problems was "white flight," when masses of white people abandoned their houses and fled to the suburbs. As the wealth of Detroit migrated to the suburbs, the tax base shrunk. Detroit regressed to that which was "poorer and blacker" (Sugrue 1). Soon after, investors and landlords who feared declining property values and a low return on their investments deserted their properties and followed the flow of money to the suburbs. The city was left with a degraded housing market and a shrinking tax base, declining educational institutions, an increase in crime and violence and less employment opportunities because of business disinvestment. With an increase in crime and violence, the cost of city services skyrocketed while the tax base continued to decrease. In order to compensate for this off-balance, property tax rates grew to such an extent that "Detroit came to have among the highest property tax rates in the nation" (Sugrue 1). Detroiters with the means to relocate did so. The city's housing market, with abandoned homes, foreclosures and business disinvestment saw its home values take a drastic hit, while the "beneficiaries" of Detroit's decline, the suburbs, faced a booming real estate market and appreciating home values (Sugrue 1).

Now, Detroit is a city of hyper-concentrated poverty characterized by high rates of joblessness, deprivation, social and economic isolation, welfare dependency, violence, crime, social disorganization and deteriorated housing (Joseph 210; Chaskin & Joseph 300). Since neighborhoods are the "functional sites for the production and consumption of social goods and processes" as well as "the contexts for the development and utilization of social networks"

(Chaskin & Joseph 300), those that are socially and economically disadvantaged negatively shape the opportunities for households within them (qtd. in Fraser & Nelson 2130). Because minorities, specifically people of color, are disproportionately represented in neighborhoods that have over 40% of their population living in poverty, (qtd. in Fraser & Nelson 2129), these populations experience a range of negative outcomes including decreased life opportunities and “limited residential mobility and status attainment opportunities” (qtd. in Fraser & Nelson 2127-2130). That is, people living in concentrated poverty suffer from limited “social capital” or the social networks and “bridging relationships” that connect people to information, opportunity and “upward mobility” (Joseph 213) not available to them through their own “relational networks” (qtd. in Chaskin & Joseph 303 and Fraser & Nelson 2130).

In order to build “community capacity” and social capital in Detroit, we must “connect [low-income] residents to structures of opportunity” beyond their isolated neighborhoods (Chaskin & Joseph 302). I turn to mixed-income housing as the solution. The urban planning redevelopment strategy, mixed-income housing is a solution to Detroit’s hyper-concentrated neighborhood poverty that involves public housing that integrates both subsidized housing units for low-income families and market-rate units to “attract higher income residents” (Levy et al. 15). The design of mixed-income housing communities, including an equal number of market-rate and subsidized housing units and dispersal of these units throughout the developments, combined with the community building efforts of social service providers will provide a social “space of opportunity” (Levy et al 24) for lower-income residents to broaden their social capital through interaction with middle-income residents (Chaskin & Joseph 303). With effective public-private partnerships, tax incentives for developers, public housing subsidies, and federal grants, mixed-income housing is monetarily feasible.

THE IMPLEMENTATION OF MIXED-INCOME HOUSING:

In order to assert the legitimacy of a mixed-income housing development in Detroit, I will access past precedent. First I will look to a comparative case study of two cities, Durham, North Carolina and Chattanooga, Tennessee in order to advocate for effective “place-based goals” or goals that involve physical revitalization in Detroit. These cities have a similar demographic to Detroit with highly segregated communities, high unemployment, low school graduation rates, high crime rates, and high poverty rates (Fraser & Kick 2007). The case study therefore serves as a useful precedent for Detroit’s mixed-income housing efforts. I will then look at the largest-scale mixed-income housing project in Chicago to study successful community building (Joseph 2010). Because Chicago’s mixed-income housing development is the largest-scale project, it serves as a representative example of the benefits of successful design and community building.

MIXED-INCOME HOUSING GOALS:

Based on Chattanooga’s successful mixed-income housing implementation, I advocate for effective “place-based goals,” or goals that include outcomes such as physical neighborhood revitalization, which will in turn, create a “space of opportunity” for which social integration can occur (Levy et al. 24). Place-based mixed-income housing initiatives “can play a role in creating a foundational environment in which other poverty ameliorating strategies can be more successful” (qtd. in Onatu 3). It is only after establishing effective “place-based changes” when

successful “people-base changes” or changes that involve “building individual and social capital in communities” can be supported (Fraser & Kick 2358). It is therefore essential that the city of Detroit first focus on place-based goals in order to promote a space of opportunity through which people-based changes can occur.

In short, the mixed-income housing effort in Durham failed but succeeded in Chattanooga. The Durham Housing Authority partnered with non-profit development team, The Community Builders and was awarded a HOPE VI government grant to build a mixed-income community in Few Gardens. The joint goal was to “enable [lower-income families] to improve their life-skills and capacities, secure living-wage jobs and then when they chose to do so, relocate to a new neighborhood of choice” (Fraser & Kick 2364). The project’s priority was to secure low-income residents with tangible economic outcomes such as employment opportunities that would enable them to be self-sufficient (Fraser & Kick 2364). Residents in the community received general educational training, specialized training for future professions including paralegal training, and life-skills training, which included counseling. These efforts were to enable residents to be “self-sufficient” (Fraser and Kick 2364). To support these goals, non-profits teamed up with the housing authority in order to “provide employment opportunities and public sector entities that would coordinate economic development activities in the targeted area” (Fraser & Kick 2364). Despite these goals, the public sector failed to link residents to education and employment training because a “lack of capacity, in particular a lack of understanding of how to build effectively public-private coalitions of local actors that could bring needed resources, including ‘know how’ to the effort to move low-income families into positions where they had greater opportunities for positive economic and housing outcomes” (Fraser & Kick 2365). Stakeholders failed to understand the larger goal of urban revitalization (Fraser & Kick 2366).

In Chattanooga by contrast, “city leaders representing both private and public sectors formed a public-private partnership to sponsor their mixed-income housing development. In contrast to Durham, “a successful foundation based on common goals and energetic capacity was laid for future urban revitalization initiatives by a viable public sector that that bridged multiple stakeholders” (Fraser & Kick 2367). Aside from leveraging public-private partnerships, Chattanooga also leveraged people and companies, like the Community Impact of Chattanooga, that were already personally invested in the project. The CIC or the Community Impact of Chattanooga, a coalition of public and private stakeholders, formed in order to “foster neighborhood change” (Fraser & Kick 2368). It encouraged positive community building by working directly with residents in order to “create further linkages with the people who actually lived in neighborhoods that were targeted for change” (Fraser & Kick 2368). CIC inspired the formation of a community building initiative called “Neighborhoods of Opportunity,” which brought residents together to assist in reimagining their communities. Whereas Durham’s goal was “people-based,” Chattanooga’s goal was place-based: to “remake the Southside into an attractive, economically viable, and socially diverse urban community in which people can live and work” (Fraser & Kick 2368). In doing so, it enabled community building through programs like CIC. Detroit’s goals align with those of Chattanooga. Detroit seeks to revitalize the urban environment such that it supports people-based outcomes in time. By restructuring housing such that it enables integration across and between incomes, mixed-income housing will provide the social space by which lower-income households will see increased people-based outcomes.

BUILDING COMMUNITY: PHYSICAL DESIGN & SOCIAL SERVICE PROVIDERS

Purposeful “elements of developments’ design” (Levy et al. 18) can encourage social and economic integration. Detroit can encourage these outcomes if it considers the design and distribution of housing in its preliminary planning development phase. Subsidized housing must be equally dispersed throughout the housing complex and alongside market-rate apartments so as to avoid “isolating” by income. The success of a Chicago mixed-income housing project illustrates the benefits of successful design. In Chicago, two non-profit companies teamed up with many for-profit corporations in order to develop the housing project. The Chicago Housing Administration (CHA) required that public housing units, subsidized units, and market-rate units should each represent one-third of the total housing units, where all units are integrated throughout the development rather than clustered, and that housing units are “indistinguishable” from one another (Joseph 99). In a different mixed-income housing establishment, the Kalahari condominium building in Harlem, there were noticeable differences between the affordable units and the market-rate units. They were roughly the same size, but finishes were different (Buckley 1). While this discrepancy created no significant social conflict or blatant “social schisms,” residents “admitted peeking at people’s doorsteps as they walked by to see if the flooring was carpet or bamboo” (Buckley 3). In order to forge social space that is conducive to integration, Detroit should work to minimize these factors that would create noticeable distinctions between residents of higher-income and lower-income. Detroit should instead follow Chicago’s implementation of mixed-income housing where units were integrated throughout the building and were indistinguishable.

SOCIAL SERVICES:

Social service providers will complement this effort at integration by building “remedial and supportive social services” that will provide lower-income residents with skills that will prepare them for future success (Chaskin & Joseph 319). Social service providers will provide a range of supports for families of mixed-housing developments including counseling, case management, education, financial literacy, employment support, public meetings, forums, neighborhood councils and other community activities (Chaskin & Joseph 317-319) that will not only give members of the community a voice, but will also enable access to opportunity and information—social capital—that they might not otherwise have readily available. By encouraging positive community building, low-income families have the opportunity to live among higher-income residents, to learn from them, and enjoy specific services that increase their favorable life outcomes including employment.

FUNDING:

Mixed-income housing is monetarily feasible through public-private partnerships, developer incentives, public housing funds, public housing operating subsidies, federal grants, and public-private partnerships. The fundamental complexity of mixed-income housing implementation is the “high level of institutional coordination” and cooperation at federal, state, county and civil levels of government, [including city agencies, the housing authority, and the private developer] needed to finance such a project (Joseph 97). Public-private partnerships, where local housing authorities can partner with either a nonprofit organization or a for-profit organization under a

joint venture (Guggenheim 20) require well-selected developers that “can bring not only private investment capital, but also real estate experience” (Joseph 115). To fund a mixed-income housing project, Detroit first needs to leverage federal and private financing. Public-private partnerships must be “fuelled by stakeholders that have common goal sets and high capacity” (Fraser & Kick 2361). As aforementioned, the success of Chattanooga’s mixed-income housing development underscores this notion. Chattanooga leveraged public-private partnerships by accessing the Community Impact of Chattanooga that was already personally invested in the project (Fraser & Kick 2368).

Detroit has also made strides towards public-private partnerships. In Detroit, in September of 2013, a \$30.25 million fund was launched to help developers build more market-rate and moderate-income residential projects in Detroit’s Woodward Corridor, a mixed-income housing development to revitalize Midtown. This investment fund was implemented by philanthropic organizations and banks in an effort to “provide long-term fixed-rate loans for mixed-income housing projects” (Reindl 2013). This proves that there are groups in Detroit that are committed to its revitalization efforts. Public housing development funds are combined with tax incentives such as local tax abatements or tax increment financing for projects, a method used as a subsidy for redevelopment to stimulate investment (Guggenheim 20). Detroit has the financial backing to implement mixed-income housing on a large-scale.

Other methods of funding including public housing funds and public housing operating subsidies can pay 100 percent of the “operating costs” of mixed-income housing projects, an incentive for developers to create mixed-income projects (Guggenheim 20). Federal grants, like HOPE VI Urban Revitalization Funds, provide both planning and implementation grants to local housing agencies to revitalize severely distressed or obsolete housing developments. In order to receive these grants, housing agencies must formally provide plans for: management and security, community and supportive services, implementation, community involvement, and a plan to end any continued concentration of public housing in isolation from other classes and/or races of people (Guggenheim 15). This incentivizes *effective* planning, quality work, management and regulation. Such management and regulations are particularly necessary in order to attract upper-level incomes. Housing agencies therefore receive a monetary incentive to outline thorough mixed-income housing plans that will achieve its outlined goals. In Orange, New Jersey for example a mixed-income housing project has replaced public housing units that have historically been “centers for crime” (Lee 2). Using federal grants, the police department replaced outdated regulations with “upgraded computerized tracking and set up video surveillance cameras to monitor high-crime areas” (Lee 2). These security measures enable middle-income families the ability to move into mixed-income developments in the neighborhood because of a renewed sense of safety.

COUNTER ARGUMENT:

One of the main goals of mixed-income housing is to offset the limitations of hyper-concentrated poverty; that is to offset the “limitations of relatively closed, dense networks, which lack bridging relationships that connect them to networks of others and that may provide access to information and opportunity not available to them through their own relational networks” (qtd. in Chaskin & Joseph 303). Critics of mixed-income housing however, say most interaction occurs

among neighbors of similar income levels” and that mixed-income housing would thus “fail to support the expansion of social networks and social capital across income lines” (Levy et al. 18). I acknowledge these concerns. However, these arguments fail to understand the integration mechanisms that must develop *alongside* mixed-income housing in order to promote community effects. I argue it is not the restructuring of a physical environment alone that necessarily promotes people-based outcomes; rather it is the environment that creates a “space of opportunity” for community building and socioeconomic integration. Mixed-income housing developments create the “common civic space” (Chaskin & Joseph 317) through which public meetings, forums, neighborhood councils and other community activities can take place in order to create “opportunity for information exchange” (Chaskin & Joseph 313). These opportunities must also be supported by social service providers, who would promote “skill and knowledge building, remedial and supportive services and efforts to reshape both behavior and perceptions to help prepare residents to be successful in the private market and work toward self-sufficiency” (Chaskin & Joseph 319). In other words, it is not mixed-income housing alone that immediately provides integration; rather it is the social space that mixed-income housing provides that fosters a space through which to facilitate “self-sufficiency” and information exchange with more connected networks (Chaskin & Joseph 319).

Another counterargument is that it may be difficult to incentivize middle-income households to live in mixed-income housing developments. I acknowledge the challenge of attracting middle-income households to mixed-income housing communities. However, there *is* a market for this housing. In New York for example, the mixed-income community in Harlem was successful in targeting teachers, cops, and “people with secure jobs who were not making the New York City salary range” (Buckley 2010). Others may desire a more diverse neighborhood. For Margi Briggs-Lofton, a market-rate resident of the Harlem mixed-income housing community, she and her husband “wanted a building they [could believe in]” (Buckley 2010). Another population of middle-income people who might attract to mixed-income housing developments is students who may be employed in close proximity to the mixed-income housing development. Mixed-income housing can be marketed to students who may be paying off loans or working local jobs as a pleasant and economical option. The promise of effective management and regulations incentivizes middle-income people who may not be able to afford housing in the suburbs and the high cost of commuting into the city.

CONCLUSION:

Mixed-income housing is not a quick fix to Detroit’s history of housing complications. It is however, an opportunity to remodel the built environment such that it supports positive, integrative social interaction that bridges socioeconomic divides. In other words, mixed-income housing provides the space through which lower-income residents can increase their social capital (Fraser & Nelson 2130). Though critics of mixed-income housing question the level to which it supports social interaction across income and racial lines (Chaskin & Joseph 303), social service providers will reinforce community building in the mixed-income housing developments through counseling, education, public meetings, forums, neighborhood councils and other community activities (Chaskin & Joseph 317). With community building efforts acting in conjunction with mixed-income housing, successful integration and a sharing of information across income levels will endure in Detroit. Other critics worry that it will be a challenge to

attract middle-income residents. I argue that there is a market for middle-income residents, particularly students and professionals who may want to save money on housing. Mixed-income housing will revitalize the city of Detroit through purposeful design of market-rate and subsidized housing units that will be funded by effective public-private partnerships, tax incentives for developers, public housing subsidies, and federal grants (Guggenheim 20). The urban planning solution, mixed-income housing represents Detroit's potential for progress.

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