

# Cityscape

*A Journal of Policy  
Development and Research*

MIXED MESSAGES ON MIXED INCOMES  
VOLUME 15, NUMBER 2 • 2013



PD&R



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U.S. Department of Housing and Urban Development  
Office of Policy Development and Research

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# Contents

## Symposium

### *Mixed Messages on Mixed Incomes*

Guest Editors: James C. Fraser, Deirdre Oakley, and Diane K. Levy

- Guest Editors' Introduction: Policy Assumptions and Lived Realities of Mixed-Income Housing on Both Sides of the Atlantic ..... 1

- Mixed-Income Living: Anticipated and Realized Benefits for Low-Income Households ..... 15  
by Diane K. Levy, Zach McDade, and Kassie Bertumen

- Ethnically Diverse HOPE VI Redevelopments: A Community Case Study From the Pacific Northwest ..... 29  
by JoDee Keller, Janice Laakso, Christine Stevens, and Cathy Tashiro

- Mixed-Tenure Orthodoxy: Practitioner Reflections on Policy Effects ..... 47  
by Ade Kearns, Martin McKee, Elena Sautkina, George Weeks, and Lyndal Bond

## Commentaries

- On Spatial Solutions to Social Problems ..... 69  
by James DeFilippis

- Mixing Policies: Expectations and Achievements ..... 73  
by Hilary Silver

- Making Mixed-Income Neighborhoods Work for Low-Income Households ..... 83  
by James C. Fraser, Robert J. Chaskin, and Joshua Theodore Bazuin

- Lessons Learned From the Largest Tenure-Mix Operation in the World: Right to Buy in the United Kingdom ..... 101  
by Reinout Kleinhans and Maarten van Ham

## Commentaries

- Housing Policy Possibilities in the Prison of Property Relations: A Commentary ..... 119  
by Katherine Hankins

- Mixed-Income Housing: Where Have We Been and Where Do We Go From Here? ..... 123  
by Derek Hyra

- Examining Mobility Outcomes in the Housing Choice Voucher Program: Neighborhood Poverty, Employment, and Public School Quality ..... 135  
by Victoria Basolo

- Mobility Decisions of Very Low-Income Households ..... 155  
by Kimberly Skobba and Edward G. Goetz

- "It was really hard. ... It was alright. ... It was easy." Public Housing Relocation Experiences and Destination Satisfaction in Atlanta ..... 173  
by Deirdre Oakley, Erin Ruel, and Lesley Reid

## Commentaries

- Market-Driven Public Housing Reforms: Inadequacy for Poverty Alleviation ..... 193  
by Amy T. Khare

False Assumptions About Poverty Dispersal Policies .....	205
by Rachel Garshick Kleit	
Acknowledging the Structural Features of Choice .....	211
by Sudhir Venkatesh	
<b>Cityscape Mixed-Income Symposium Summary and Response: Implications for Antipoverty Policy .....</b>	<b>215</b>
by Mark L. Joseph	
<b><i>Point of Contention: Homeownership and Child Well-Being</i></b>	
Do Kids of Homeowners Do Better Than Kids of Renters? .....	223
by Richard K. Green	
The Relationship of Homeownership, House Prices, and Child Well-Being .....	227
by Donald Haurin	
The Evidence Does Not Show That Homeownership Benefits Children .....	231
by David R. Barker	
Looking Back To Move Forward in Homeownership Research .....	235
by Sandra J. Newman and C. Scott Holupka	
<b><i>Departments</i></b>	
<b><i>Policy Briefs</i></b>	
The Federal Housing Administration and Long-Term Affordable Homeownership Programs .....	247
by Edwin Stromberg and Brian Stromberg	
<b><i>Data Shop</i></b>	
New Data on Local Vacant Property Registration Ordinances .....	259
by Yun Sang Lee, Patrick Terranova, and Dan Immergluck	
<b><i>Graphic Detail</i></b>	
Visualizing Same-Sex Couple Household Data With Linked Micromaps .....	267
by Brent D. Mast	
<b><i>Impact</i></b>	
Refinancing Hospital Loans .....	273
by Alastair McFarlane	
<b><i>Industrial Revolution</i></b>	
Smart-Grid Technologies in Housing .....	283
by M.G. Matt Syal and Kweku Ofei-Amoh	
<b><i>SpAM</i></b>	
Changing Geographic Units and the Analytical Consequences: An Example of Simpson's Paradox .....	289
by Ron Wilson	
Calls for Papers .....	305
Referees 2012–13 .....	307

# **Guest Editors' Introduction: Policy Assumptions and Lived Realities of Mixed- Income Housing on Both Sides of the Atlantic**

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## **Introduction**

During the past several decades, a number of housing programs sought to create mixed-income housing and neighborhoods in the United States and Europe to negate the effects of concentrated poverty. In the United States, such initiatives have included the U.S. Department of Housing and Urban Development's Moving to Opportunity housing experiment, whereby low-income residents volunteered for relocation to low-poverty areas; the Housing Opportunities for People Everywhere (HOPE VI) Program for public housing transformation; and Choice Neighborhoods, a program broadly based on the HOPE VI model but expanded to revitalize entire neighborhoods (Fraser, Oakley, and Bazuin, 2012).

In Europe, such initiatives fall under the rubric of neighborhood restructuring or urban renewal. These efforts often include mixed-housing strategies and have been implemented in the Netherlands, the United Kingdom, Germany, France, Finland, and Sweden. European strategies focus more on mixing homeowners with *social renters*—the equivalent of public housing renters in the United States—with the similar assumption that a more diverse socioeconomic mix of residents will remove the negative neighborhood effects of poverty. By far the largest European mixed-housing initiative is the Right to Buy (RTB) scheme in the United Kingdom. Since the 1970s, more than 2.7 million socially rented houses have been sold with large discounts, mainly to existing tenants and other more affluent households (see Reinout Kleinhans and Maarten van Ham's article in this symposium).

This *Cityscape* symposium showcases a series of refereed articles in which authors critically examine mixed-income housing initiatives in the United States, the United Kingdom, and, to a lesser extent, the Netherlands through both empirical and theoretical lenses, paying particular attention to whether benefits outweigh limitations in terms of resident, neighborhood, and sustainability outcomes. The overall goal of the symposium is to provide a nuanced critique of mixed-income housing by situating these initiatives within the broader context of affordable housing and diverse, healthy communities. In addition, the symposium addresses the question of whose responsibility it is to house the poor and which strategies are most effective.

The genesis of this symposium was the 41st annual conference, in 2011, of the Urban Affairs Association. During a session, “The Future in and of HOPE VI Developments,” many of the authors in this issue, including Diane K. Levy, James C. Fraser, Robert J. Chaskin, Mark L. Joseph, and JoDee Keller, presented articles. During that same conference, Edward Goetz moderated a session entitled “Public Housing Transformation and the Right to the City” and also presented his own work on poverty deconcentration and HOPE VI. During the 42nd annual conference of the Urban Affairs Association, many of the participants and presenters continued a broader discussion of the ways in which mixed-income housing was affecting low-income and public housing residents. In a session moderated by James C. Fraser, “The Onset and Aftermath of HOPE VI,” Deirdre Oakley, Katherine Hankins, Rachel Garshick Kleit, and Edward G. Goetz presented additional work on HOPE VI and resident experiences. These two conferences solidified our intention to produce a set of articles that would broaden our understanding of mixed-income housing as a policy and in implementation.

## Mixed-Income Housing

Mixed-income housing and neighborhood development efforts go beyond the transformation of public housing. Their history extends back to Ebenezer Howard’s “garden city” movement at the turn of the 20th century. Emerging out of the ideology that social mix—having a variety of income levels live in the same area—was necessary for moral order, mixed-income towns were planned to integrate the lower and middle socioeconomic classes with the wealthy, yet building types that housed different income groups were distinct and sited in separate areas of these developments in many cases (Rose et al., 2013). Likewise, people with utopian visions for better cities (for example, Patrick Geddes and Lewis Mumford) and people involved in efforts to improve the cities we already had (for example, Jane Addams and Jane Jacobs) had long touted the benefits of social mix for strengthening democracy and promoting empathy on the part of wealthier classes. An alternative ideology, similar to the emergence of company towns during the 19th century, suggested that deconcentrating the working class would minimize labor organizing and class conflict. As capitalists were made painfully aware by the Pullman strike of 1894, these social-harmonizing experiments did not produce the desired results (Crawford, 1995). The hopes for mixed-income communities, by and large, were not realized as the 20th century saw segregation by race and class increase over time. Urban demographers have vividly illustrated the emergence of hypersegregated poverty, a topic about which Douglass Massey and Nancy Denton (1993) wrote.

Partially in response to these conditions that scholars (for example, Massey and Denton, 1993; Wilson, 1987) wrote about, mixing strategies reemerged in the early 1990s. Policymakers,

government officials, and even private-sector developers have supported mixed-income housing, yet for different reasons. The ideology behind this resurgence of mixed-income housing has largely centered on the notion of healthy cities and poverty reduction. In the case of public housing and low-income neighborhoods, the general belief has been that concentrated poverty produces additional negative outcomes for the poor (Wilson, 1987). This theoretical scaffolding has supported the razing of many public housing developments and the relocation of residents, some of whom move to neighborhoods with less poverty, others of whom move to areas with similar rates of poverty, and a relative few who make temporary moves before returning to HOPE VI developments, living alongside market-rate households (Abravanel, Levy, and McFarland, 2011a; Fraser, Oakley, and Bazuin, 2012; Popkin et al., 2000).

Mixed-income policies, however, have gone well beyond public housing redevelopment. City officials, seeking ways to revitalize low-income, inner-city neighborhoods have turned toward an ever-increasing set of organizations and their consultants espousing the virtues of mixed-income housing to legitimate public-private ventures that oftentimes seek to gentrify neighborhoods (Dutton, 2007; Fraser et al., 2003; Lees, 2008; Rose et al., 2013; Skirtz, 2012). Although this outcome may be the case in some mixed-income housing initiatives, it would be premature and suspect to write off mixed-income housing as simply a way to displace lower income people from neighborhoods cities want to redevelop.

Mixed-income policies and programs have become dominant urban planning strategies even as hypotheses about what mixed-income housing can achieve continue to change and questions remain about the model's purpose and actual effect. Core questions debated since the reemergence of the mixed-income model in the 1990s have evolved and broadened as empirical studies have shed light on the models in practice. Early on, questions tended to focus on the effect on lower income residents of living in mixed-income housing developments or neighborhoods. These questions were based on assumptions that the effect was unidirectional and likely beneficial. Hypotheses pointed to the expected positive effect on poorer residents' access to employment, improved quality of life, and overall self-sufficiency.

Although the hypothesized benefits of such mixed-income initiatives to improve employment access, quality of life, and self-sufficiency on both sides of the Atlantic Ocean have included the assumed socioeconomic advantages of poverty alleviation, the reduction of racial and income-based segregation (particularly in the United States), and the benefits of homeownership, the realities of living in these reconfigured spaces do not necessarily map well onto the original goals associated with them. This outcome has led some scholars to suggest that such mixing strategies boil down to state-implemented strategies to prepare neighborhoods for capital investment through the regulation, marginalization, and displacement of the poor. Such suggestions raise more fundamental questions about when and how society and its government leaders need to house the least advantaged (Levy, 2006).

Before describing the organization and content of this symposium, we believe it is instructive to provide a brief history of public and social housing in the United States and the United Kingdom, primarily because these histories reveal tension between the interests of capital investment and the provision of public goods (in this case, affordable housing for the poor). On both sides of the Atlantic, such tensions eventually led to mixing and redevelopment strategies.

## Public Housing and Mixed-Income Redevelopment in the United States

Although governments have used a variety of mechanisms to house various low-income populations, (project-based) public housing has become iconic of these efforts. A concerted American housing movement, led by figures such as Catherine Bauer, Edith Elmer Wood, and Mary Simkhovitch, emerged during the turn of the 20th century. The movement achieved many victories, including the Wagner-Steagall Act of 1937,<sup>1</sup> which established the United States Housing Authority (Birch, 1978). The construction of public housing did not match the pace of slum removal, however, and many families in need could not gain admittance into the relatively few units of housing produced. From 1950 through 1970, in most cases, these developments were sited in low-income minority neighborhoods, and “White flight” to the suburbs accelerated (Freeman, 2004; Goering, Kamely, and Richardson, 1997).

During this period, Catherine Bauer wrote about “the dreary deadlock of public housing” lamenting that “[e]ven among public housing’s most tireless defenders, many would welcome a fresh start if they did not fear that in the process any program at all might get lost” (Bauer, 1957: 140). Her sentiment was a foreshadowing of the continued concentration of the abject poor in public housing developments, some of which were becoming run down and isolated because of insufficient budgets. Although arguments could be made that income mixing existed in public housing until the 1960s (Hartman, 1975), a provision in the Brooke Amendments of the early 1970s established that public housing needs to be provided first and foremost to the poorest populations, thus creating financial constraints on housing authorities and ushering in an era in which public housing and its inhabitants became demonized (Goetz, in press). The development of mixed-income housing, particularly through HOPE VI, has been viewed by many policymakers as a considerable improvement from the public housing replaced, even if it caused displacement of public housing residents (FitzPatrick, 2000; Goetz, in press; Schwartz and Tajbakhsh, 1997).

Looking back on the early days of public housing, from the 1930s through the 1950s, provides notable parallels to current HOPE VI projects, whereby people with a mix of incomes reside together in a development. Although mixed-income housing was not a central component of public housing at its inception, a range of incomes did coexist. Low- and middle-income groups were both served, albeit they have generally been lumped into the “submerged middle class” label to distinguish them from those who were in abject poverty (Friedman, 1966; Schill, 1993). Likewise, the tenant screening process was aimed at distinguishing the “deserving” from the “undeserving” poor (Vale, 2000). Although language other than “deserving” and “undeserving” is currently in vogue, HOPE VI tenant screening relies on some of the same criteria for admittance, including employment, criminal record, and, informally, a desire to use public housing as a stepping stone into private-sector housing (Fraser, Oakley, and Bazuin, 2012). Further, HOPE VI developments are expected to collect enough rents from moderate- and market-rate units to offset the costs of management and maintenance similar to the way that the initial public housing legislation required. Although some scholars described original public housing as being paternalistic (Argersinger, 2010; Mitchell, 1993), HOPE VI has been

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<sup>1</sup> The United States Housing Act of 1937. Public Law 75-412.

characterized by its heightened surveillance of public housing tenants (Chaskin and Joseph, 2010; Fraser et al., *in press*). Researchers are only beginning to see the longer term effects of HOPE VI-style mixed-income housing; several articles in this symposium focus on the HOPE VI experience.

## **Social Housing and the Evolution of Mixing Policies in the United Kingdom**

In the United Kingdom, public housing is often referred to as *council housing*, or *social housing*. It formally began in 1919, but the U.K. Parliament granted local governments power to develop working-class housing in 1890 (Stone, 2003). The Housing and Town Planning Act of 1909 authorized local councils to assist copartnership societies (for example, cooperative societies, trade unions, and utility companies) in building working-class housing (Ravetz, 2001). Similarly, the Housing Acts of 1914 and 1915 provided state-sponsored housing for wartime government employees, setting a precedent on which council housing would follow (Ravetz, 2001). By World War I, 24,000 units of council housing had been built (Malpass and Murie, 1999). Much like U.S. policy in the 1930s, a coalition of reformers were openly concerned about the slum housing conditions that accompanied industrialization and urbanization of the United Kingdom.

During the interwar years, a severe shortage of housing existed in the United Kingdom. Although multiple rationales provided the conceptual framework for council housing, social unrest, strikes, and the return of military servicemen from the war prompted Prime Minister David Lloyd George to provide council housing for fear of revolt and a “Bolshevist rising” (Ravetz, 2001: 77). Between the wars, approximately 1,000,000 units of council housing were established, although rather than serving the working class in poverty—many of whom were returning soldiers—it housed a more affluent clientele, because rents were often more than in private-sector rentals (Forrest, Malpass, and Rowlands, 2010). In the post-1945 era, council housing increased, with 2.9 million units produced in two decades (Stone, 2003).

During the era of welfare capitalism (1945 to the 1970s), council housing provided high-quality homes for many well-off, working-class tenants who were oftentimes unionized and thus able to press their political and economic demands for shelter on the state.<sup>2</sup> In general, *welfare capitalism* refers to a state-sponsored safety net (welfare state) funded primarily through taxing private-market enterprises and private citizens’ income (Esping-Andersen, 1990). During this era, the amount of council housing increased from 12 percent of the total housing stock in 1945 to 32 percent in 1979 (Esping-Andersen, 1990); however, in the 1980s, government disinvestment and related policies led to “residualization” of council housing.

Thus, despite periods and policies that bore some similarities, the two countries had quite different social-housing environments at the beginning of the 1980s. Both countries, however, were entering periods with somewhat similar political regimes, regimes with similar attitudes toward social housing but with rather different strategies given their different housing contexts (Stone, 2003).

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<sup>2</sup> More impoverished populations relied on lower quality, privately rented housing (Malpass, 2010).

According to Malpass (2010), during the 1980s, Prime Minister Margaret Thatcher's housing policies underfunded council housing and began the privatization and effective residualizing of it and other welfare programs emerging out of the welfare capitalism era.<sup>3</sup>

Since the 1980s, much council housing has been razed or privatized. Between 1980 and 2006, the number of council-housing units dropped from 6.1 to 2.6 million (Mullins and Pawson, 2010). Although the structural role of state-sponsored housing has been a response to the inability or unwillingness of the private sector to provide high-quality, affordable housing to a mix of low- to middle-income populations, public policies have effectively created housing segregation. This segregation has been accompanied by "culture-of-poverty" discourse that further marginalizes those in poverty as being unwilling to take personal responsibility for their welfare.<sup>4</sup> Council housing has been characterized as a breeding place for antisocial behavior (Malpass, 2010). This characterization partially explains the negative public sentiment many have toward public and council housing, and disinvestment in these housing tenures has materially run down many housing estates and developments. Goetz (in press) has chronicled the "discourse of disaster" that has maligned public housing as being obsolete. In summary, the dismantling of this part of the welfare state has been ongoing since the 1970s, and housing has been a key domain in which we see this change.

In 2000, the backlog for repairs and improvements to council-housing stock was estimated at approximately £19 billion (approximately \$28.5 billion U.S.), and the government set about to remedy this situation through a range of policy instruments that either privatized units or entire housing estates (or developments) (Stone, 2003). One primary policy has been Thatcher's 1980 RTB program, whereby sitting council-housing tenants were provided deep discounts of up to 70 percent to purchase their units. To date, nearly 3 million units of council housing have been sold off to former tenants, thus redistributing risk to the new owners (Blandy and Hunter, 2013). Likewise, local councils have transferred more than 50 percent of the social-housing stock to nonprofit housing associations. In addition to enacting these policies, local authorities have been able to sell off units and entire estates to private-sector developers. For example, Europe's largest landmarked council estate, Park Hill in Sheffield, was sold for £1(approximately \$1.53 U.S.) to Urban Splash, a private development company that is renovating the estate as a mixed-income project (Heathcote, 2012). Clearly, the differing goal sets of local councils serving the public and the imperative of capital accumulation by the private sector have shaped projects like Park Hill. Finally, local councils have the authority to mortgage their council-housing estates to raise funds for maintenance and renovation. As of 2006, council housing that is owned and operated by the local authorities stands at about 10 percent of the total housing stock in the United Kingdom (Ginsburg, 2004).

As is the case in the United States, the concept of mixed-income housing in the United Kingdom has a foundation in an earlier history. Social mix was a central component of Ebenezer Howard's garden cities in the 1890s (Rose et al., 2013). Among other aspects, Howard conceptualized the garden city as a remedy for social polarization that he saw in London. Social mix was a prominent

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<sup>3</sup> This pattern was similar to U.S. public housing in that it was the working, *submerged* middle-class people who were afforded housing and abject poor people who were excluded from state-sponsored developments (Vale, 2000).

<sup>4</sup> For example, President Ronald Reagan infamously stated that many single mothers in public housing who received cash benefits were "welfare queens."

feature that he believed would build cooperation and community across income groups; yet, a 1905 census of the 1,400 residents of Howard's first garden city, Letchworth, found that the only people living there were "middle-class men and women of independent means (and their servants) and the skilled artisans who were building the new town" (Fishman, 2002: 73). Working-class families who labored in Letchworth did not earn enough income to afford to live there and found substandard housing outside of the city (Fishman, 2002). In the early garden cities and later in British New Towns and council-housing estates, social-mix discourse emphasized lofty ideals of a good society, but none achieved what each set out to create.

In the context of council housing, mixed-income policies, referred to as *social-mix* and *social-balance* policies, existed during the 1940s and 1950s but came under criticism and lost favor (Goodchild and Cole, 2001). These policies then reappeared during the late 1990s. Social mix in the United Kingdom is currently deployed in a variety of public policies aimed at neighborhood renewal and council-housing transformation (Levy et al., 2010; Sautkina, Bond, and Kears, 2012). The antecedents to, and the purported benefits of, social mix have been well documented, and it is not our intention to provide another rendition of the urban underclass or concentrated poverty theses. Likewise, the proffered benefits of social-mix policies for low-income populations have been conceptualized, and many studies are beginning to test how mixed-income housing operates (for reviews, see Abravanel, Levy, and McFarland, 2011a, 2011b; DeFilippis and Fraser, 2010; and Joseph, Chaskin, and Webber, 2007). In summary, proponents of social mix (broadly defined) hold onto the rationale that low-income people living in propinquity to those with greater privilege will benefit from social contact, but evidence to support this perspective remains illusive. This reality is basically the same situation concerning mixed-income housing redevelopment outcomes happening in the United States.

## Symposium Organization and Content

The symposium in this issue of *Cityscape* is organized in four topical sections: (1) the expectations and achievements of mixing policies; (2) the realities of implementation; (3) an examination of moving to and living in subsidized private-market rental housing; and (4) a synthesizing examination of these policies based on the articles and suggestions for future initiatives. For the initial three sections, a series of commentaries from housing policy experts follows the articles.

In the first section, Diane K. Levy, Zach McDade, and Kassie Bertumen set the stage for the subsequent articles by reviewing the varying ways in which mixed-income living has been defined, evidence of benefits to adults and children, and the viability of mixed-income housing over time. They conclude with a discussion of research findings on which consensus and divergences exist, and identify gaps in what we know about the effect of mixed-income developments and income-diverse neighborhoods on disadvantaged households.

Next, JoDee Keller, Janice Laakso, Christine Stevens, and Cathy Tashiro provide a case study of a Pacific Northwest HOPE VI site, exploring the issue of whether multiethnic communities are sustainable through HOPE VI redevelopment. Before redevelopment, the site was a multiethnic community with a strong sense of engagement and cohesion. Findings reveal that, after redevelopment,

returning residents experienced a diminished sense of community and results are mixed regarding reemergence of community. The authors argue that identifying and meeting needs of diverse populations is important to sustainability of HOPE VI sites, particularly with the country's increasing diversity. The authors discuss the challenges in building and maintaining community, with recommendations for meeting needs of ethnically diverse residents.

In the final article in this section, Ade Kearns, Martin McKee, Elena Sautkina, George Weeks, and Lyndal Bond present data from interviews with key mixed-housing actors in the United Kingdom—including planners, architects, housing managers, regeneration practitioners, and teachers at local schools—concerning perceived successes and ongoing challenges, particularly regarding sustainability. The authors contend that orthodoxy of mixing policies leads to a form of “tenure blindness.” More specifically, they argue that orthodoxy in policy assumptions and practice results in an unwillingness or inability among the key actors to recognize that taking a mixing approach may not be sufficient for the creation of sustainable communities. James DeFilippis and Hilary Silver provide commentaries on the three articles.

The second section begins with an article by James C. Fraser, Robert J. Chaskin, and Joshua Theodore Bazuin, exploring the idea of mixed-income housing actually becoming home for low-income residents. As they state, research has demonstrated little interaction and community building between low-income households and the more affluent ones within HOPE VI redevelopments. They raise questions about whether such lack of interaction discounts the underlying assumption of mixing policies. The authors conclude by examining the possibilities for creating truly inclusive mixed-income developments that not only serve the housing needs of diverse income groups but also inspire residents to stay and build community.

In the next article, Reinout Kleinhans and Maarten van Ham examine the United Kingdom’s Right to Buy initiative, which is, by far, the largest income-mixing operation in Europe. RTB enables social-housing tenants and other more affluent households to purchase this housing at large discounts. Although the program was not originally intended to be a mixing policy, the selling and reselling of social housing has, in many cases, created income mixing. The authors discuss the outcomes of RTB regarding neighborhood effects and household benefits. Katherine Hankins and Derek Hyra provide commentaries on the two articles in this section.

In the third section, authors turn their attention to the issues of mobility and relocation through subsidized private-market rental housing. Victoria Basolo uses a unique dataset comprising primary survey data and secondary data from multiple sources to examine the range of outcomes for Housing Choice Voucher Program (HCVP) subsidy households under the administration of two public housing authorities in California. In particular, the author examines whether moving with a voucher subsidy results in changes in employment, neighborhood income mix, and school quality. As with previous studies, findings are mixed and the author discusses the implications.

In the second article, Kimberly Skobba and Edward G. Goetz examine the long-term housing experiences of both subsidized and unsubsidized low-income households in Minneapolis/St. Paul, Minnesota. Without housing assistance, participants moved through a wide variety of housing accommodations, often making strategic moves to avoid homelessness or to escape untenable housing and neighborhood conditions. Such strategies almost never resulted in upward mobility,

however. Housing assistance, particularly HCVP vouchers, enabled participants to remain in the private rental market and to avoid lower hierarchy living arrangements. Having a voucher also meant increased residential stability.

Using survey data from a study of 300 former public housing residents in Atlanta, the third and final article of this section, by Deirdre Oakley, Erin Ruel, and Lesley Reid, examines the issue of relocation satisfaction. The situation in Atlanta presents an interesting case because, as of 2010, the city had eliminated all its traditional project-based public housing. Unlike the city's previous HOPE VI efforts, this final round of demolitions was done under Section 18 of the amended 1937 Housing Act, requiring no immediate plans for redevelopment. Therefore, the only option given to residents was to relocate with a voucher subsidy to private-market rental housing. Findings indicate that level of satisfaction or dissatisfaction largely hinged on the tenants' age and previous tenure in public housing. Amy T. Khare, Rachel Garshick Kleit, and Sudhir Venkatesh provide responses to the articles in this section.

In the final section, Mark L. Joseph provides a transatlantic, synthesizing discussion of mixing policies within the broader context of affordable housing and diverse, healthy communities. In doing so, Joseph comes back to the overarching societal question of which institutions should be responsible for delivery of a needed public good like affordable housing: Is the private sector really suited for this responsibility, given the overall objective of return on capital investment? Are mixing strategies sustainable over time? Joseph also addresses important questions about the range of benefits and deficiencies emerging from mixing strategies. Beyond the question of who benefits from mixed-income developments are questions of how different stakeholders—developers, city agencies, financiers, and residents across income groups—benefit.

## **Concluding Thoughts From the Editors**

The symposium in this issue of *Cityscape*, broad as it is, is not comprehensive. Although the articles address the theoretical, policy, and practice questions, other important issues remain. As the body of work on HOPE VI and similar mixing initiatives has grown in the United States and Europe—in particular the United Kingdom and the Netherlands—questions have shifted to focus more broadly on reciprocal effects, with the recognition that influence can run in more than one direction. More specifically, in addition to examining whether and how lower income residents have been affected by higher income neighbors, researchers are devoting growing attention to ways in which lower income neighbors might influence those residents who were better off economically. Hand in hand with such a question is another: Do residents interact across economic lines and, if they do, are the interactions positive or negative? Questions related to mechanisms of influence and change have begun to shift from those related to person-to-person effects to ways in which some residents might have positive influence on the surrounding environment: Do higher income residents' (assumed) expectations and demands on property management and city services bring benefits to all residents?

Alternatively, note that social mix in the United Kingdom and mixed-income housing in the United States are explicitly sociospatial strategies that seek to attract capital investment to places that oftentimes have been associated with gentrification (Bridge, Butler, and Lees, 2012; Lees, 2008).

Beyond examining physical displacement, a growing body of research has examined the social relations among multiple tenure and income groups (Chaskin and Joseph, 2010; Cole and Goodchild, 2001; Duke, 2009; Fraser et al., *in press*; Kipfer, 2009; Kleit, 2011). Sometimes, social mix is a problem for low-income households. Cheshire (2012: 24), addressing social mix, stated that, “while poor neighborhoods may not be ‘attractive,’ they are cheap; they have attributes such as access to cheap takeouts and neighbours with similar problems and needs who may have relevant and useful contacts.” Galés (2012: 27) added that “most urban scholars are familiar with the idea that when very different social or ethnic groups live in the same building or the same neighborhood, this rarely leads to social mixing but rather to strategies of avoidance and distinction.” Although these perspectives represent a lack of confidence that social mixing can have positive effects, other treatments in the United Kingdom suggest that neighborhoods marked by social mixing may enjoy a political economy-of-place benefit; that is, cities with a significant middle-income population are more likely to provide needed services and economic development that enhance neighborhood life.

More recent questions have also focused in greater detail on the supports that might be necessary to create conditions in which (positive) influence among neighbors might occur. As research started to show less interaction across lines of economic difference and tenure than had been assumed, attention turned to the structures that might be necessary to encourage interactions. Interest has grown about the effects of resident-based organizational and governance structures and informal opportunities for socializing. How to develop community intentionally remains an open question. Additional questions of considerable importance include the following. How do mixed-income developments fare over time in terms of the resident base? Are structures well maintained physically and financially over time?

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# Mixed-Income Living: Anticipated and Realized Benefits for Low-Income Households

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## Abstract

*The basic elements of a mixed-income housing strategy—redeveloping public housing developments and poor neighborhoods to attract higher income residents and relocating lower income households to less poor areas—continue to inform federal and local housing policies in the United States and a number of other countries. Mixed-income strategies usually begin with the hypothesis that mixing incomes will address a number of problems associated with poverty concentration and neighborhood disinvestment. To set the stage for other articles in the symposium of this issue of Cityscape, this article defines terms and then reviews the hypothesized benefits of mixed-income environments for low-income adults and children and examines evidence of benefits. It concludes with a literature-based consideration of how practice might best address the goals of economic desegregation and poverty alleviation that income mixing has yet to achieve.*

## Introduction

Mixed-income housing strategies, broadly conceived, include a variety of programs and policies—from inclusionary zoning, to subsidized housing vouchers, to the transformation of public housing developments into income-integrated properties. Whether through the dispersal of low-income households from a poor area or the attraction of relatively higher income households to a (previously) poor area, the strategies usually begin with the hypothesis that mixing incomes will address a number of problems associated with poverty concentration and neighborhood disinvestment. This article builds from a literature review that surveyed the field of knowledge on mixed-income housing and

benefits for lower income residents (Levy, McDade, and Dumla, 2010). We consider the hypotheses regarding such benefits and the evidence to date on their realization. We conclude with a discussion on how policy and practice might advance to address the goals income mixing has yet to achieve.

Mixed-income housing and neighborhoods have been put forth as a strategy for addressing the problems associated with poverty since at least the early 1960s (Gans, 1961a, 1961b). Since the 1990s, Wilson's argument that *concentrated poverty*—low-income households living in high-poverty, resource-poor areas—leads to a cycle of diminished life chances for children and adults and to neighborhoods marked by urban decay (Wilson, 1987) has been used as the basis for mixed-income policies and programs. If concentrated poverty is a source of myriad problems, efforts to deconcentrate, such as income mixing and dispersing low-income households, have been put forth as solutions. Mixed income as a strategy has become part of federal housing policy in a number of ways, perhaps most notably through the Housing Opportunities for People Everywhere (HOPE VI) Program, which supported the redevelopment of public housing into mixed-income developments. Housing choice vouchers also have been used in certain mobility efforts to support low-income households' relocation to higher income areas.

No definition of mixed-income housing is universally agreed on, although the definition offered by Brophy and Smith related to housing developments captures key elements of the strategy and has been picked up by a number of researchers (for example, Joseph, Chaskin, and Webber, 2007). Brophy and Smith (1997: 5) defined *mixed income* as the “deliberate effort to construct and/or own a multifamily development that has the mixing of income groups as a fundamental part of its financial and operational plans.” Other definitions encompass both developments and neighborhoods. The Mixed-Income Research Design Group uses the phrase to mean “all intentional efforts to generate socioeconomic diversity in a targeted geographic area” (Briggs et al., 2009: 10). Galster, Booza, and Cutsinger (2008) referred to the broad range of communities that are characterized by a diversity of household incomes as “income-diverse areas.” Using two terms distinguishes low-poverty neighborhoods into which low-income families move, whether via a mobility program or independently, that are not the target of mixed-income efforts per se from developments designed as mixed-income housing. We focus here on mixed-income housing developments but use the phrase “income diverse” where appropriate.

What counts as mixed income varies considerably. Depending on the development, relatively higher income households have been defined as those earning anywhere from 51 to 200 percent of the Area Median Income. Developments might have only two income tiers or three or more income tiers and might include both rental and homeownership tenures. The percentage of units targeted to low-income families also ranges from a small percentage of all units to more than one-half. (See Brophy and Smith, 1997; Khadduri and Martin, 1997; Schwartz and Tajbakhsh, 1997.) Developments also vary in the extent to which they design the exterior and interior of subsidized and market-rate units to be indistinguishable from one another and in the degree of spatial integration of subsidized and unsubsidized units (Schubert and Thresher, 1996; Tach, 2009). Some developments mix income groups on the same floor of a multifamily building, whereas others segregate income tiers by floor or building. Further, some developments vary the quality of units based on income, whereas others simply subsidize market-rate-quality units for low-income families (Schwartz and Tajbakhsh, 1997).

## **Hypothesized Benefits of Mixed-Income Living**

The goals or purposes claimed for mixed-income housing strategies have been categorized as three-fold. (See Brower, 2009; Duke, 2009; Joseph, 2006; Joseph and Chaskin, 2010; Joseph, Chaskin, and Webber, 2007; Kleit, 2005.) Economic desegregation can affect disadvantaged and advantaged neighborhoods as lower income households disperse from poor areas and higher income families move into previously poor areas. The hypothesized benefits associated with this place-oriented goal for mixed-income developments, or at least their lower income residents, include better quality housing, improved services, increased neighborhood amenities, and a safer environment relative to what is available in most homogenously poor areas. Examples of programs that incorporate an economic desegregation goal include HOPE VI and the Moving to Opportunity for Fair Housing Demonstration (MTO), which provided housing vouchers to one randomly selected group of participants to be used in higher income areas.

Poverty alleviation is expected to benefit lower income households most directly as their economic circumstances improve through neighboring with higher income households and living in less segregated areas. The benefits associated with this people-oriented goal have included access to more instrumentally valuable networks and to behavior and lifestyle alternatives as modeled by higher income neighbors. Until research began to show otherwise, it was hypothesized that the HOPE VI Program would alleviate poverty among lower income residents through mechanisms of neighbor interactions and behavior modeling. Dispersal-oriented efforts, such as voucher-supported mobility moves under MTO and its precursor, the Gautreaux program, also anticipated reductions in poverty.

Urban revitalization through mixed-income housing can affect disadvantaged areas as investments flow in from both public and private sources. The benefits associated with this place-oriented goal for areas in and around mixed-income developments have included increased safety; the development of more or improved amenities, such as stores, parks, and playgrounds; and, possibly, improvements to transit access and schools (buildings and instructional quality). Revitalization might also increase a jurisdiction's tax revenues from increased property values and new businesses. This goal undergirds the Obama administration's Choice Neighborhoods initiative, which focuses investments on a target housing development, the surrounding neighborhood, and the residents.

The hypothesized goals and benefits suggest effects for both lower and higher income households. Broad benefits posited for residents across income groups and of all ages have included exposure to a diversity of people and lifestyles and the development of tolerance for differences (Briggs, 1997; Gans 1961a, 1961b). It remains, however, that lower income households and poor neighborhoods are the primary targets for improvement and that positive influences for adults and children are assumed to flow from higher to lower income households based explicitly or implicitly on a cultural deficit argument (see Briggs, 1997; Brower, 2009; Duke, 2009; Galster, 2007; Gans, 1961a, 1961b; Joseph, Chaskin, and Webber, 2007; Kleit, 2001; Lipman, 2008; Popkin et al., 2000).

The hypotheses on the benefits and mechanisms of change associated with mixed-income housing strategies have been questioned since at least the early 1960s. An early criticism was that, to achieve benefits for low-income households, relationships among people across income levels would need to be stronger than they are likely to be. Gans (1961a: 181) argued that "heterogeneity ... is unlikely to produce relationships of sufficient intensity to achieve either a positive social life or cultural,

political, and educational values sought through balanced community.” Other researchers have pointed out that some benefits are more likely to be realized than others. In particular, improvements to place, such as housing quality, neighborhood amenities, and services, are more likely than neighbor interactions to benefit low-income residents (Joseph, 2006).

## Evidence to Date

Compared with the hypothesized benefits, the actual benefits from living in mixed-income developments or income-diverse areas have been limited for low-income households. In particular, investments have brought about environmental improvements to housing and neighborhoods, but benefits tied to economic desegregation and poverty alleviation have not been realized.

### Economic Desegregation

Economic desegregation occurs in mixed-income areas as a spatial fact—households of lower and higher income levels live near each other—but propinquity has led to little social or otherwise meaningful integration across lines of income. Research since the late 1990s has found that interactions among residents across income groups have been limited at best. Most research on this topic focuses on mixed-income developments, but research on income-diverse neighborhoods has drawn a similar conclusion. Most interaction occurs among neighbors of similar income levels.

Researchers have described interactions among residents across income groups in mixed-income and income-diverse areas as superficial and infrequent. Early studies of resident interaction in mixed-income developments found greetings to be fairly common but any exchanges of longer duration to be limited (Brophy and Smith, 1997; Rosenbaum, Stroh, and Flynn, 1998). In their study of seven mixed-income developments, Brophy and Smith (1997) found that many respondents did not know the names of their immediate neighbors. More recent studies have found much the same. Brower's (2009) study of three developments found little resident interaction across income and tenure groups (owners and renters). Kleit and Carnegie (2011) similarly found that residents who moved to a mixed-income development did not expand their social networks across income lines. Studies conducted among residents of income-diverse neighborhoods have produced similar findings. Briggs's (2005) ethnographic work in Yonkers, New York, found few indications of meaningful interactions among people living in mixed-income neighborhoods. Duke (2009) cited a study by Clampet-Lundquist (2004) that found that women who were relocated to lower poverty neighborhoods faced barriers forming social ties. Popkin et al. (2000) also discussed the relative scarcity and superficiality of interactions across income groups within income-diverse neighborhoods.

The limited interaction among residents of different income levels has been attributed to a range of individual and structural factors. Kleit (2005) and Joseph (2008) found that elements of developments' design, such as the lack of common areas or shared building entrances, can serve to limit informal interactions, which otherwise could serve as the basis for developing more significant ties. In the study of a racially and ethnically diverse development, Kleit identified other factors that might be important to interactions, including differences in language, educational attainment, race and ethnicity, marital status, and family composition. Even residents who indicated that they valued living in a diverse area reported very few interactions (Kleit, 2005).

At least some residents have limited their interactions with households in a different income bracket for reasons that could be termed “protective.” Joseph (2008) found low-income residents keep “a low profile” to avoid the scrutiny of neighbors and any problems that might jeopardize their housing. Residents have superficial interactions in part because of low expectations for developing relationships with neighbors and to ensure privacy for themselves (Chaskin and Joseph, 2011). Chaskin and Joseph found one of the most important barriers to interaction among residents across income and tenure groups to be the perception of difference. Higher income residents held negative stereotypes of public housing residents, and subsidized residents perceived those with a higher income as standoffish.

Studies from outside the United States have produced similar findings. Blockland and van Eijk (2010) found in the Netherlands that residents they identified as “diversity seekers,” people who moved to income-diverse areas because of the income diversity, had social networks that were no more diverse than those of other residents. Diversity seekers also were no more likely to become involved in neighborhood organizations or to attend local social activities than other people. In the United Kingdom, Bretherton and Pleace (2011) found that residents who owned a home in a mixed-income area tended to perceive residents of social housing units as bad neighbors and purposely kept interactions to a minimum. Arthurson (2010) found three factors that served to depress interactions across income lines in income-diverse neighborhoods in Australia. Lifestyle factors included decisions among subsidized residents to maintain stronger ties to their previous communities and differences in lifestyles and work schedules that left little time for developing new relationships. Design factors included spatial segregation of residents by income within a mixed-income area that reduced opportunities for informal interactions. Finally, stigma attached to residents of social housing units worked against interactions across income and tenure.

When negative interactions occur among residents, they are often attributed to differences in behavior associated with income or class. Studies in New Orleans and Chicago found that unsubsidized residents complained about the behaviors of public housing residents, who in turn said they felt disrespected by higher income residents or by management staff (Chaskin and Joseph, 2010; Libson, 2007). The following quote from a staff member of an organization that worked with mixed-income development residents in New Orleans sums up the perceived differences between low-income and higher income residents that have led to conflicts.

There's just a different style of living that very low-income people have in terms of the way they see things, the way they do things, the way they interact with each other, and the way that a middle-class more affluent group of people generally behave, and they run into conflict with each other (Libson, 2007: 103).

When problems do occur, methods of social control can serve to increase tensions. Chaskin and Joseph (2011) found that higher income residents tended to rely on formal methods of control, such as calling the police, rather than on informal methods, such as speaking directly to the people involved. Some higher income residents reported giving up on efforts to interact with lower income residents altogether because they felt unwelcome and that the social distance was too much to overcome (Chaskin and Joseph, 2010).

Minimal, positive interactions do occur, however. In Joseph and Chaskin’s (2010) study, some residents across income groups indicated that they learned from and about residents of different

socioeconomic backgrounds. Lower income residents talked about their hope for being better understood, and some moderate-income and higher income residents said they gained appreciation for the issues lower income families face.

Most studies that examined resident interactions in mixed-income developments found that relationships are more likely to form among people of similar income and housing tenure (Kleit, 2005; Rosenbaum, Stroh, and Flynn, 1998; Tach, 2009). Tach (2009) also found that differences in interaction and community engagement correlated with differences in neighborhood perception. Residents who viewed the development more negatively, mostly the higher income residents new to the area, were less engaged than those who held a positive view of the area, who were more likely to be lower income residents.

Even efforts to encourage resident engagement have reinforced divisions along income lines in some places. Chaskin and Joseph (2010) found that resident participation in communitywide events intended to foster interaction tended to fall along lines of income. (See also Fraser and Nelson, 2008.) In some developments, even the use of community facilities has differed by income group. Instead of serving as spaces of opportunity for community building, the facilities can become spatial markers of the distance between income groups if lower income (or higher income) residents stake a claim by design or default (Brower, 2009; Kleit, 2005).

Interactions and relationships among residents might change over time, although change can happen in either direction. Patillo (2007) found that a number of higher income homeowners who moved into a revitalized Chicago neighborhood initially felt isolated and somewhat frightened. As they became familiar and increasingly comfortable in their surroundings, many homeowners became involved in the community. Tach (2009) raised the possibility that a similar increase in engagement might take place in the Boston development she studied as, over time, higher income residents become more accustomed to the area. Joseph and Chaskin (2010), however, found reduced interaction over time as residents gave up the effort. Social isolation increased as lower income residents reported feeling stigmatized by their higher income neighbors within the development, even as they shed the stigma they previously felt from outsiders because of where they had lived. Lower and higher income residents spoke about negative interactions and feelings of social detachment and social isolation within the development. In a second round of interviews, the researchers found that residents talked more often of challenges than of positive interactions. “Across tenure and class, many residents are simply withdrawing from engagement with others locally and relying on pre-existing relationships for social and instrumental support” (Joseph and Chaskin, 2010: 15).

## Poverty Alleviation

There is near consensus in the research since the 1990s that mixed-income strategies have not led to significant changes in the economic well-being of low-income households. Research on outcomes for lower income residents living in mixed-income developments and income-diverse neighborhoods has found some improvement in employment but little or no improvement in income. Studies of low-income households that moved with a voucher to low-poverty areas through the Gautreaux housing mobility program found increased job aspirations, job readiness, and higher employment rates compared with those of counterparts living in poor, urban areas,

but the movers' wages were not higher than those of their counterparts (Briggs, 1997; Rosenbaum and Popkin, 1991). Briggs argued that, although lower income households moved to areas with more employment opportunities, they were not necessarily more likely to access and retain jobs or obtain jobs with higher wages. Similar results have been found from the MTO demonstration program. Households that moved to low-poverty areas as part of MTO had higher employment rates than families who had not moved, but they had about the same hourly wage (Johnson, Ladd, and Ludwig, 2001). More recently, Tach (2009) also found higher employment rates and educational attainment among lower income residents of mixed-income developments.

Many researchers who found evidence of employment gains tempered their findings because of sample selection bias. Tach (2009) attributed the improvements in employment rates among her study participants to mixed-income developments' screening requirements that created a selection bias rather than to a change in work habits among the residents. Other studies whose findings of employment and earnings gains were affected by sample selection bias include Kleit (2002) and Galster et al. (2008). Kleit's (2002) study found that low-income women who moved to scattered-site public housing had employment and networking gains that women who remained in poverty-concentrated areas did not have. Galster's study of relocatees in Sweden found that low-income laborers who moved to higher income areas had higher earnings than counterparts who remained in lower income areas (Galster et al., 2008).

In their reanalysis of MTO data, Clampet-Lundquist and Massey (2008) found that the length of time households resided in low-poverty areas correlated to better self-sufficiency outcomes. Each additional month living in a low-poverty neighborhood correlated with an increase in the likelihood of being employed. Each additional month living in a racially integrated low-poverty area correlated with a greater decrease in the likelihood of receiving Temporary Assistance for Needy Families compared with living in a segregated low-poverty area. Other MTO researchers have criticized this analysis and stand by previous findings that MTO has had little or no overall effect on employment and earnings (Ludwig et al., 2012, 2008).

It is possible that additional research over longer periods might still show reductions in poverty correlated with mixed-income strategies. Evidence from more than 20 years of research suggests, however, that the door to this possibility is only slightly ajar. Without changes in other factors, such as the availability and quality of education and job supports and increases in the availability of jobs that pay a living wage and offer benefits, it seems safe to say that mixed-income strategies alone are unlikely to achieve reductions in household poverty.

## **Urban Revitalization**

The hypothesized benefits related to economic desegregation and poverty alleviation have not materialized, but some benefits stemming from neighborhood investments have been found. As anticipated by some researchers, most benefits reported by residents of mixed-income developments and income-diverse areas derive from improvements to their surroundings. A number of studies found that residents of mixed-income developments were satisfied with their housing quality and with the maintenance and management of the developments. Residents also indicated satisfaction with neighborhood services and amenities. Perhaps most importantly, they commented on safety improvements related to reductions in criminal activities. (See Brophy and Smith, 1997;

Buron et al., 2006; Calavita and Grimes, 1998; Doerr and Siegal, 1990; Fraser and Nelson, 2008; Joseph and Chaskin, 2010; Joseph, Chaskin, and Webber, 2007; Libson, 2007; Mulroy, 1991; Popkin et al., 2000; Rosenbaum, Stroh, and Flynn, 1998; Ryan et al., 1974; Schwartz and Tajbakhsh, 2001; Smith, 2002.)

Related to these environmental improvements, low-income residents have identified benefits related to health, particularly mental health. In their study of two mixed-income developments, Joseph and Chaskin (2010) found that 75 percent of relocated, low-income residents reported psychological benefits—namely, reductions in stress since moving from their old neighborhoods to the new developments. People attributed the stress reduction to feeling safer than they had before. One-half of the relocated residents in their study reported increased self-esteem and motivation as well.

Research on outcomes for MTO participants also has found evidence of mental health improvements. Early studies of MTO in Boston and New York found that adults who relocated from high-poverty to lower poverty neighborhoods experienced improvements in mental health (cited in Popkin et al., 2000). Other MTO research found that the demonstration program had a marginally significant positive effect on mental health and a not-quite-significant positive effect on physical health (Ludwig et al., 2012). In their review of MTO and Gautreaux studies, Johnson, Ladd, and Ludwig (2001) found that families who moved to lower poverty areas reported fewer mental or emotional health problems and improved physical health. All these researchers cautioned interpretation of their results, however, because of self-selection or endogeneity problems.

Studies have identified behavioral and mental health gains for children and some evidence of positive effects on educational experiences and outcomes. Joseph, Chaskin, and Webber (2007) found that children living in mixed-income developments are realizing educational, health, and behavioral benefits, although the researchers stopped short of identifying residency in the developments as the cause. Schwartz (2010) argued that, although her study found academic gains among children who moved to low-poverty areas, greater gains were found among those students who attended low-poverty schools.

Gautreaux and MTO studies have found that children who relocate to income-diverse areas have fewer behavioral and health problems. Johnson, Ladd, and Ludwig (2001) found that children reported feeling less sad, arguing less, and disobeying their parents less often after moving to a lower poverty area. They reported working harder in more challenging schools, and findings show that they did not experience a drop in grades relative to nonmovers. Popkin et al. (2000) cited findings that children who moved to low-poverty and lower poverty neighborhoods experienced fewer incidences of arrest and convictions, fewer injuries, and fewer episodes of asthma. As with many studies that have found positive outcomes, the Johnson et al. and the Popkin et al. works cautioned that selection bias affects results.

## Where Do We Go From Here?

Mixed-income strategies can succeed in spatially desegregating households by income and improving lives through environmental changes, but so far they have proven insufficient for overcoming social barriers and alleviating poverty. We conclude by thinking through the literature and asking how it might be possible to move the needle on economic segregation and poverty.

Research suggests that the design of housing units or public spaces could encourage (positive) interactions, although findings have been mixed. In a review of case studies from three developments in the United Kingdom, Roberts (2007) found evidence that the organization of the housing units mattered less than the organization of public space. Interaction was more likely among residents when the layout of public spaces led to encounters, even casual ones. This increased likelihood held, regardless of whether the housing units were integrated, segmented, or segregated by income. Kleit (2005), however, noted that some residents in a Seattle development thought that the lack of homeowner and rental unit integration made it less likely that owners and renters would cross paths and possibly develop relationships. Joseph and Chaskin (2010) suggested that other factors can be more important than any potential effect of design when residents make an effort to avoid others. They found that most low-income residents in their study thought they were under greater scrutiny and monitoring than they had been before they lived in a mixed-income development, which could hinder interactions across income groups.

Research has shown that the lack of an effective development-wide organization for residents can impede interactions and community-building efforts. Whether the obverse leads to greater interactions is unclear, because few mixed-income developments that have development-wide resident organizations appear to be available to study. In their study of two mixed-income developments in Chicago, Joseph and Chaskin (2010) found that the governance structure in a mixed-income, mixed-tenure building helped create a divide between low-income renters and the owners of condominium units. The condominium association in the building has control over rules that govern the entire building, effectively precluding opportunities for low-income residents to participate in governance. Similarly, Brower (2009) argued that the lack of resident interaction can be attributed in part to the lack of community organizations through which all residents can meet and perhaps build trust. Although each mixed-income development he studied in Baltimore called for creating a single residents' organization to represent both homeowners and renters, only one development established a joint organization. Even in this development, however, Brower found that renters felt they had no say in decisionmaking. Perhaps organizational structure, like good design, can create the opportunity for interaction, but it is only a first step. Brower found that no organizations in the developments he studied focused efforts on community building among residents.

Another factor that can affect the environment for resident interactions is management practices. Graves (2012) found that property managers can serve an important role in supporting or obstructing the development of social ties among residents. Even when managers act in supportive ways, management rules still might stand in the way. For example, Brower (2009) found that eviction rules that applied to renters but not homeowners were perceived as unequal and unfair and that they affected interactions between residents of different tenure. The literature is quiet on whether more (positive) resident interaction takes place in mixed-income developments with good management practices and rules that residents perceive as fair.

Finally, one study found that resources in the broader neighborhood, such as grocery stores and common spaces, were correlated with the development of social capital. Curley (2010) found that residential income mix was not correlated with generalized trust or shared norms among neighbors, but the presence of neighborhood resources was. Her work suggests that efforts that combine income mixing and neighborhood investment might create additional layers of opportunity for interaction and for developing relationships over time.

The literature hints at ways to increase opportunities for meaningful economic desegregation, although it seems that, to achieve significant gains toward this goal, it will be necessary to actively promote interactions across income groups and address challenges along the way. We do not venture into the fields of community development or negotiations and mediation here, but both areas seem relevant. Whether more significant interactions and relationships might develop over time, however, also depends on residents' interest in and willingness to develop connections with neighbors. The limited interactions documented so far might very well reflect the limited interactions among residents in developments and neighborhoods of all types. As Briggs (2005: 9) noted, most neighborhoods in the United States are "collections of strangers and those with mostly casual contacts."

Studies that found little or no effect from living in mixed-income developments or income-diverse areas on low-income households' economic well-being point to factors that impede poverty alleviation. Details vary slightly, but the conclusions drawn by a number of researchers are similar. Goetz (2010) identified health status and other individual attributes as more important than neighborhood characteristics for families' well-being. Likewise, Levy and Woolley (2007) found that severe and multiple health problems served as barriers to low-income residents' ability to gain or retain employment.

Instead of approaching the goal of poverty alleviation through mixed-income strategies, efforts need to be intentional and focused on a specific purpose, whether it be addressing physical or mental health problems, low educational attainment, lack of job training or access to jobs that offer a living wage and benefits, or something else. (See Brophy, Garcia, and Pooley, 2008; Sanbonmatsu et al., 2006; Upshur, Werby, and Epp, 1981.)

Mixed-income strategies can help create spaces of opportunity for low-income families, especially spaces in which people can find relief from stress related to unsafe living environments, but the strategies have not been found to lift households out of poverty. Certainly, services and supports focused on economic well-being could take place within mixed-income developments or be made available to households living there or in income-diverse neighborhoods. If poverty alleviation is the primary goal, however, the path to it does not appear to require mixed-income living.

The extant literature does not offer a clear response to the question posed in the section header: Where do we go from here? Research on governance structures, resident participation, and management practices in mixed-income developments could shed light on how to better create and support opportunities for positive engagement among residents. Efforts to improve the health and educational attainment of low-income households are necessary. Perhaps what we know most clearly from research so far is that no single strategy will achieve the three goals of economic desegregation, poverty alleviation, and urban revitalization. A multifaceted, integrative approach that focuses on people and place, such as the model provided by the Choice Neighborhoods initiative, might prove more effective than a mixed-income strategy alone. Until Choice Neighborhoods or other integrated efforts are fully implemented and studied, however, we do not know.

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# **Ethnically Diverse HOPE VI Redevelopments: A Community Case Study From the Pacific Northwest**

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## **Abstract**

*The authors examine a Pacific Northwest Housing Opportunities for People Everywhere (HOPE VI) site that, before redevelopment, was a vibrant, multiethnic community where neighbors united to address personal and community problems. We explore residents' sense of community, trust, feelings toward neighbors, and views about diversity before and after redevelopment. Findings suggest that residents valued diversity before redevelopment and experienced a diminished sense of community after redevelopment. Results are mixed regarding the re-emergence of community. Identifying and meeting the needs of diverse populations is important to mixed-income HOPE VI sites, particularly with the country's increasing diversity. Challenges in building and maintaining community are discussed, with recommendations for meeting the needs of ethnically diverse residents.*

## **Introduction**

The Housing Opportunities for People Everywhere (HOPE VI) program originally was developed to address concerns with severely distressed public housing. Although the goals of the program have evolved and expanded over time, Salama (1999), through a review of legislative history and of U.S. Department of Housing and Urban Development Notices of Funding Availability, distilled a list of the program's major objectives. They include reducing the concentration of low-income

residents, creating mixed-income communities, serving diverse households, promoting family self-sufficiency, building sustainable communities, and involving residents in planning and implementation.

Extensive HOPE VI research has identified a number of wide-ranging outcomes (Hanlon 2010; Popkin, Eiseman, and Cove, 2004; Popkin et al., 2004). General outcomes include significant improvements in the physical quality of housing; increases in residents' incomes, employment, and education (not surprising, because mixed-income communities have replaced exclusively low-income communities); lower crime rates; an increase in racial diversity; and improved property management (Fraser and Nelson, 2008; Holin et al., 2003; Popkin, Levy, and Buron, 2009; Turbov and Piper, 2005). Other studies have found mixed results on the health and well-being of residents, however (Curley, 2009; Goetz, 2010). Case studies of individual sites are less positive and raise concerns about residents' loss of social networks, instrumental support, and access to supportive services (Clampet-Lundquist, 2004; Curley, 2009; Goetz, 2010, 2002; Keller, 2012). Although an initial core principle expressed by architects of the HOPE VI program was the expectation that mixed-income communities would increase the social capital of poor residents, little evidence suggests that this outcome occurs (Curley, 2009; Goetz, 2010, 2002), and mixed-income communities may actually reduce social capital in formerly low-income communities (Clampet-Lundquist, 2004; Curley, 2010; Laakso, 2013).

Although HOPE VI sites have been studied extensively, it often is beyond the scope of the research to determine whether changes attributed to HOPE VI can be sustained over time and whether even the communities are viable. Increasingly, discussions have emerged about the program's feasibility (Abravanel, Levy, and McFarland, 2009; Holin, et al., 2003; Wexler, 2001). Indeed, perhaps growing out of this concern, President Obama replaced HOPE VI with the Choice Neighborhoods program (HUD, 2011), which seeks to directly build on but greatly expand the aims of HOPE VI. Choice Neighborhoods focuses on the broader community and on services beyond housing, particularly services and amenities that have wide appeal across incomes, including schools, retail, and parks (HUD, 2011). What about the communities that have been redeveloped under HOPE VI? What are their prospects to maintain mixed-income and increasingly multiethnic communities?

## **Challenges of Mixed-Income, Mixed-Housing, and Multiethnic Communities**

Although focus on multiethnic aspects of HOPE VI communities has been limited, the literature on income diversity can illustrate some parallels to the benefits and challenges of promoting ethnic diversity. A central aim of HOPE VI was to create and maintain mixed-income communities. Although such communities were viewed as being beneficial for low-income residents because they could foster instrumental relationships in which low-income residents might find employment or other resources, these instrumental relationships may not have emerged for a number of reasons (Curley, 2009; Goetz, 2010, 2002). In fact, low-income residents may have had *more* instrumental relationships and stronger social ties within their former communities (Joseph, 2008; Keller, 2011; Kleit, 2010; Laakso, 2013) and may not feel as comfortable in mixed-income communities (Chaskin and Joseph, 2011, 2010). Public housing residents may feel under increased scrutiny by their

middle-income neighbors, believing that different social norms may lead to disapproval of particular behaviors and habits (Chaskin and Joseph, 2011; Joseph and Chaskin, 2010). Duke (2009) noted that strict rules and expectations in mixed-income communities appear to emphasize the rights of more affluent residents, leading lower income residents to view themselves as not truly part of the neighborhood. The potential costs of mixed-income developments for residents of former low-income communities include loss of support networks, increased stigma, increased isolation, and feelings of relative deprivation (Curley, 2009; Joseph, 2006).

Social networks tend toward homogeneity; neighborhoods usually are homogeneous with regard to socioeconomic status (Kleit and Carnegie 2011; Putnam, 2007), and neighboring relationships are more frequent within homogenous networks than between them (Kleit, 2005; Putnam, 2007). It is not surprising that artificially created mixed-income communities face a number of challenges, including tensions about youth activities, race, parenting, and differences in the ways that parents restrict their children's activities (Chaskin and Joseph, 2011) and tensions among different groups of people, including between renters and owners and between parents and nonparents (Joseph and Chaskin, 2010).

Findings regarding ethnic diversity are mixed. In general, in ethnically diverse neighborhoods, trust, altruism, and community cooperation are less common (Putnam, 2007). In their comparison of two mixed-income communities, Chaskin and Joseph (2011) found more contentious social interactions in the more ethnically diverse community. Similarly, in a Seattle study, Whites viewed ethnically homogeneous neighborhoods as being more harmonious than heterogeneous neighborhoods. In mixed neighborhoods, Whites reported more noise and trouble and less trusting relationships (Guest, Kubrin, and Cover, 2008). By contrast, Manzo, Kleit, and Couch (2008) found that most residents of an ethnically and racially diverse community viewed diversity as an asset.

The variety of housing types, central to mixed-income HOPE VI developments, can also present challenges. Renters tend to have fewer social relationships in their community than market-rate owners and relocated public housing residents (Chaskin and Joseph, 2011). Homeowners have noted the lack of integration between homes and rental units (Kleit, 2005), expressing concerns about interactions between owners and renters and feelings that renters have less commitment to the development (Joseph, 2008). Any correlations between housing type and race or ethnicity can add to the challenges of building community.

Joseph (2008) found that former public housing residents expressed general dissatisfaction with the sense of community in the new development. Barriers to social interaction included minimal shared public space, physical and qualitative distinctions between subsidized and market-rate units, stigma, self-isolation by former public housing residents, segregated residents association structures, and perceived assumptions of property management staff about residents.

## **Development of Neighboring Relationships**

Questions arise regarding how to promote neighboring relationships across income levels, housing types, and ethnic groups. "Proximity is very important in the creation of neighboring relationships" (Kleit, 2005: 1435). More than proximity is needed to foster community, however. Physical

integration can foster interaction, but Kleit found that public housing residents in a Seattle mixed-income development were still isolated from nonpoor neighbors more than would be expected, and residents knew more fellow residents who were of similar income and educational level. Ethnicity and native language are important variables in looking at neighboring relationships, and children also can promote ties across housing type and income (Kleit, 2005). Homogeneity in terms of stage of life, homeownership, lifestyle, and values are more important than proximity (Kleit and Carnegie, 2011).

The expectations of the community also may affect neighboring relationships. Joseph (2008) found that market-rate owners expected little personal benefit from living in the mixed-income community, apart from perhaps meeting some interesting people. Public housing residents valued both the demographic makeup and the more idealized environment that they viewed as less chaotic and potentially providing opportunities for their children. According to Joseph, most did not specifically expect benefits from having new neighbors, however, and planned to keep to themselves. Some public housing residents thought that the potential benefits would include social mobility and also thought that more affluent neighbors would develop more realistic and positive attitudes toward them.

## Families in Mixed-Income Communities

Families typically interact with those of similar age and stage of development. Whereas children often provide a connection among parents, Kleit (2005) found that in NewHolly, a housing development in Seattle, fewer homeowners had children, limiting opportunities for mixing across incomes and ethnicities. Thus, another challenge of mixed-income housing is attracting a critical mass of families with children (Varady et al., 2005). Middle-income families may not be attracted to mixed-income developments, and those who are may not have much in common with lower income residents (Popkin et al., 2000). Varady et al. (2005) suggested that, to attract families, communities must have strong public schools, work collaboratively with the schools, and actively market to families with children. Middle-class families with children are absent from many developments because of perceived safety issues in the community and the poor reputation of neighborhood schools. In a comparison of three public housing communities, Varady et al. (2005) found that one Louisville development was attracting families with children, although they speculate that it was because housing location did not determine school attendance. A second site appears to have promoted income mixing but not racial integration. Varady et al. concluded that attracting middle-class families with children was not a prominent goal of any of the developments they studied and highlighted the difficulty of maintaining an income mix that will lead to meaningful social interaction across social class lines.

In Chicago, Joseph (2008) found that middle-income families made housing decisions that met their basic interests and needs, looking specifically at the variables of location and affordability but not necessarily at the mixed-income makeup or ethnic diversity of the community. Similarly, Kleit and Manzo (2006) found that place dependence is important in shaping moving preferences, but final relocation choices may be determined more by family factors such as the size of the family, housing options, and employment opportunities. In addition, income differences exist in how

residents' needs are met in the community. Middle-class residents meet many of their needs outside the geographic community and are less place bound (Joseph and Chaskin, 2010). By contrast, low-income neighboring networks tend to be more place based and homogeneously low income, with more overlapping relationships (Kleit, 2005). Particularly for people who are mobility challenged, poor, or elderly, the neighborhood is still the place where many relationships are formed (Curley, 2010). These differences between low- and middle-income groups can challenge cohesion within the community.

## A Northwest Housing Community

Salishan, the community addressed in this article, is named for the coastal Salish First Nation peoples, and the name has been loosely translated as "people of many colors coming together." Thus, this multiethnic ideal is part of the historical fabric and lore of the community. The neighborhood has always been more ethnically diverse than Tacoma, Washington, the city in which it is located. "Salishan was one of the area's first residential neighborhoods that was racially integrated on purpose. Diversity by race, language, ethnicity, national origin, and age has remained a signature and appealing aspect of Salishan to the present day, including the redevelopment of New Salishan" (THA, 2009a: par. 4).

This housing development, along with many others in the Pacific Northwest (see Gibson, 2007; Kleit and Galvez, 2011; Manzo, Kleit, and Couch, 2008), presents a different demographic than many HOPE VI sites in other parts of the country. At the beginning of Salishan's HOPE VI reconstruction in 2003, nearly 60 percent of the residents were immigrants and refugees; roughly 25 percent were Cambodian, 25 percent were Vietnamese, and 10 percent were from countries in the former Soviet Union (NICF, 2007). Many types of families were represented in the development, including two-parent, multigenerational, and single-parent families; grandparents raising grandchildren; and individuals living alone. This diversity is by contrast to many public housing developments, which consist largely of female-headed, African-American families, many of whom have lived in public housing for their entire lives (Holin et al., 2003; Joseph, 2008).

Another difference is the Tacoma Housing Authority's (THA's) goal of eventually increasing housing density, from 855 to 1,278 housing units, although final projections are for 290 public housing units, 471 other subsidized rentals, and 100 homeownership units reserved for low-income residents. Of those 100 homeownership units, 28 are sweat-equity homes for those whose incomes are less than 40 percent of Area Median Income (AMI) and 72 are homeownership units for those whose incomes are less than 60 percent of AMI (THA, 2009b). Instead of the highrise apartment model, this community initially consisted primarily of single-family homes, interspersed with fewer duplexes and triplexes, all of one story. The new community has a combination of one- and two-story single-family homes but many more duplexes, triplexes, fourplexes, and apartment housing for seniors.

Although the Old Salishan (before HOPE VI) community faced significant issues, they were not to the level of the nation's "most severely distressed" housing, originally the target of HOPE VI. The housing quality was poor, with poor wiring and insulation, no showers, and mold and mildew. Community challenges included crime, drugs, gangs, and poverty, issues that were targeted by the THA and residents. The census tract comprising this housing development had the highest poverty

rate in the Tacoma area, with 56 percent of residents falling below the poverty line in the 2000 census. More than 80 percent of the students in the elementary school serving this community qualified for free or reduced-price meals in 2010. In many ways, the residents of this community were socially and geographically marginalized.

Although the poor-quality low-income housing has been replaced with mixed-income housing, market-rate rentals (18 units) are relatively few compared with primarily public housing and site-based housing choice voucher (Section 8) rentals. Individual family homes consist of market-rate homes (257, primarily on the periphery of the development), fewer (28) sweat-equity (Habitat for Humanity) homes, and some (72) subsidized homes (THA, 2009b). It may seem ironic that, although the goal was a mixed-income development, some displaced residents stated that they were unable to return because they earned too much income to qualify for the rentals but not enough to secure a mortgage.

## Methodology

Data were gathered across nearly 4 years. The midpoint evaluation, in 2006, consisted of semi-structured interviews with 52 current and former residents (20 nonmovers and 32 movers) of the community 3 years into redevelopment. In 2009, 26 followup interviews, 7 focus groups, and interviews with eight community stakeholders were conducted. Initial interviewees were heads of household, randomly selected from THA occupancy lists, which were divided by housing situation. Additional recruitment strategies were employed by caseworkers and members of the various ethnic communities to obtain representation from the predominant ethnic groups residing in Salishan and from each type of housing. Followup interviews were conducted with all initial interviewees who agreed to a second interview and could be located and scheduled. Bicultural translators and interpreters interviewed residents from the three major non-English speaking language groups at Salishan: Khmer, Russian, and Vietnamese. All resident interviews were fully transcribed into English from audio recordings.

The focus groups included former and current Salishan residents; some had taken part in the initial and followup interviews and others were found through snowball and convenience sampling, including youth and young adults, who were not part of the interviews. The focus groups included (1) Russian homeowners, (2) Russian teenagers, (3) Cambodian young adults, (4) Cambodian elders, (5) late-adolescent Cambodian and Vietnamese youth, (6) Vietnamese elders, and (7) long-term female residents (four White and one African American). Focus groups also were conducted in the primary language of the interviewees and transcribed into English. Stakeholders were recommended by community members and THA staff and included representatives of local government, clergy, and social service providers.

The transcripts were reviewed, looking specifically at issues relevant to sense of community and valuing of diversity, including questions about trust, participation in neighborhood activities, and views toward neighbors. The data analysis included descriptive coding to organize data and look for patterns in segments of interviews and common threads in respondents' accounts of life in Salishan, using cross-case analysis. To verify the original coding, the data were continuously reviewed for discrepancies or errors. The themes and conclusions were compared with those in the literature.

The primary languages spoken in the homes of the initial 52 respondents were English (39 percent), Khmer (23 percent), Russian (19 percent), Vietnamese (17 percent), and Vietnamese and English (2 percent). Of the English speakers, 60 percent were White, 20 percent were African American, 10 percent were Asian or Asian American, and 10 percent were multiracial or another race. Thus, compared with the housing development as a whole before redevelopment, Vietnamese speakers are underrepresented and Russian speakers are overrepresented in the sample. Exhibit 1 provides a comparison of the baseline and followup respondents with the county, city, and Salishan population.

### **Exhibit 1**

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#### **Comparison of Baseline and Followup Sample With Total Salishan Households and Surrounding Area**

<b>Category</b>	<b>Pierce County</b>	<b>Tacoma</b>	<b>Salishan</b>	<b>Baseline</b>	<b>Followup</b>
Population	700,820	193,177	2,802	52	26
Household in poverty (%)	9.6	14.1	56.0	67.0	57.6
White (%)	78.3	69.2	24.2	NA	NA
Non-Russian-speaking White (%)	NA	NA	NA	25.0	26.9
Russian-speaking White (%)	NA	NA	NA	17.3	19.0
Asian (%)	4.9	7.4	51.3	NA	NA
African American (%)	6.9	11.2	10.5	9.6	3.8
Cambodian (%)	NA	NA	NA	23.0	26.9
Vietnamese (%)	NA	NA	NA	21.0	26.9
Other (%)	2.1	2.7	2.9	3.8	3.8
Person age 5 or older with disability (%)	19.7	22.9	30.3	63.4	69.2

NA = not applicable.

Source: Data for Pierce County, Tacoma, and Salishan are from the 2000 census

Respondents first moved to Salishan an average of 12.6 years before the beginning of interviews in 2006. Nearly one-half of the respondents (48 percent) were married or partnered, 27 percent were single, 15 percent were divorced or separated, and 10 percent were widowed. Slightly less than one-half (48 percent) of the households included minor children, with an average of 1.84 children per family. Most children (85 percent) were of school age, between the ages of 6 and 17.

With regard to education, 27 percent of respondents (mostly from Cambodia) had completed eighth grade or less, 10 percent had completed some high school, 12 percent had earned a high-school diploma, 6 percent had earned a general equivalency diploma, 15 percent had completed some college, 23 percent had attended technical or vocational school, and 8 percent had earned a college degree. The median combined household income was \$903 per month although, as with education, responses ranged widely; nearly one-third of respondents made less than \$650 per month, whereas the top 10 percent reported monthly incomes of between \$2,500 and \$4,000. Sources of income included food stamps (62 percent); Supplemental Security Income, state disability insurance, or Social Security (57 percent); employment (41 percent); and Temporary Assistance for Needy Families (10 percent).

## **Results**

Before HOPE VI, residents had developed a strong sense of community with high levels of trust and participation in community activities. Residents valued the multiethnic makeup of

the community. It is not surprising that they felt a loss of community through redevelopment. Ethnic enclaves were disrupted and many, particularly elderly people and minorities, felt isolated. Although they connected with neighbors in Salishan before development, followup interviews suggested reluctance to connect with neighbors after redevelopment, for both those in New Salishan and those living off site; 62 percent of respondents indicated that they associated less with their new neighbors than previously.

## Trust

Trust is an important aspect of community and of mixed-income, ethnically diverse neighborhoods. Respondents were asked if they trusted their neighbors and if people in their community generally got along with each other in Old Salishan. Roughly two-thirds of respondents in this multiethnic community indicated that they trusted most people in their neighborhood and more than 80 percent reported that neighbors generally got along with each other, although the responses varied by ethnic group and by age (exhibit 2).

### Exhibit 2

#### Trust and Assessment of Neighbor Relationships

Resident Subcategory	Percent Responding "Yes" to the Question ...		Mean Number of Years in Salishan
	"Did You Trust Most of the People in Your Neighborhood?"	"Did People in Salishan Generally Get Along With Each Other?"	
Cambodian	83.0	67.0	16.5
Vietnamese	78.0	62.5	10.4
Russian-speaking White	50.0	90.0	6.4
English-speaking White	63.0	94.0	15.2
Age 65 or older	87.5	87.5	NA

NA = not available.

The Russian-speaking residents exhibited the least trust for their neighbors although, as a group, they also had lived in the community for the shortest amount of time. The Cambodian residents, as a group, had been in the community the longest and showed one of the highest levels of feelings of trust. The oldest residents, many of whom had lived in the community for the longest time, demonstrated the highest level of trust in their neighbors, suggesting, at least in this ethnically diverse community, a relationship between length of tenure and level of trust.

Many of the open-ended responses suggest a relationship between knowing one's neighbors and feeling trust. As a 60-year-old White woman stated—

*I've never had anybody that I didn't really trust. We lived next to some ... of the worst gang members in town, but because they grew up with my kids they made it all through high school, most of them, fine.*

From another respondent, a 38-year-old African-American mother of two—

*Everybody in the neighborhood knew everybody and everybody ... would watch out for each other's kids. ... If I needed something and didn't have it, I could always go and knock on the neighbor's door and ask them.*

Although most respondents stated that they trusted the neighbors, a few did not share this perception, as the following comments indicate. “I don’t really trust anyone.” “In the old community, I couldn’t trust people.” Respondents who indicated a lack of trust in Old Salishan said they did not have friends or family there, or they had personally been a victim of or witnessed criminal acts. “My car was broken into. There was crime and violence on the street.”

## **Sense of Community**

A clear sense of community pervaded Old Salishan, some of which had arisen out of collective efforts to address crime and other community issues. “By the late 1990s Salishan’s crime rate had fallen to what other city neighborhoods were experiencing. By the time THA starting demolishing it in 2001, Salishan was a successful and safe neighborhood that was well organized, tightly knit, and occupied by people who were very fond of it” (THA, 2009a: par. 7). Residents relied on neighbors for needs, including food, childcare, and transportation. The community had developed a telephone tree. People looked out after each other’s children. As a 28-year-old Cambodian woman stated—

*On every block, there were always seven or eight families that you knew. And you’re always friends with someone next door. And your parents knew everyone on that block. So when you’re walking down the street, everyone’s like, ‘That’s so and so’s daughter.’ ... And you felt safe because they would look out for you.*

Although this respondent did not romanticize this community (in fact, she went on to talk about the crime in her neighborhood), the security of knowing her neighbors of varying ethnic backgrounds and knowing they would watch out for her enabled her to thrive under otherwise challenging circumstances.

More than 85 percent of respondents indicated that they socialized with neighbors in Old Salishan. Respondents listed involvement in various activities, including holiday events and festivals, community gardening, resident council meetings, meetings regarding HOPE VI, and ethnically based activities and meals for seniors. Proximity to an ethnically based agency was one of the positive aspects of Old Salishan for the Vietnamese and Cambodians. One elder spoke of visiting this agency for the “community senior lunch. Four times a week we had lunch together. ... It felt like my own home.”

In commenting on community activities in Old Salishan, an elderly White woman stated—

*We would have a night out. When we lived on 40th, everyone would get together, we would have a potluck, everyone would bring a dish, and we would get together and know our neighbors.*

Some community ties were very strong and provided instrumental help for residents. As an 80-year-old White woman stated—

*I’ve got some very close people in Salishan, too. When I was getting ready to move into the (new) house here in January, someone stole my check and my friend gave me money so I could move in. We’re very close, have been ever since. That’s more than a special friend. There’s no adjective for it.*

Another resident, a White woman raising her granddaughter, stated, “It was a great place. We had no problems and got along with all the neighbors. (My granddaughter) grew up there from when she was 1 year old. That is the only home she knows.” Other residents spoke of the comfort of living in the community for a long time, including the relationships with THA staff, as indicated by this statement from a 63-year-old White woman—

*Well, you really kind of got to be friends with everybody up there (in the THA office), you know. And ... a few years after I moved in, my older daughter ... was killed. And ... her body had been dumped right up here, and so everybody here knew who we were. And that because of (my son with a disability) ... they were really good about, ‘You don’t worry about taking care of the rent; when you get it in here, that’s fine.’*

In addition, in the community, people came together to accomplish tasks. As a 63-year-old White woman stated—

*It was really a sense of community. Well, you really got to know your neighbors. The kids all got out and played together. If somebody was driving too fast through there, everybody was up in arms. You’d try to get the license plate. You know, people just kind of worked together.*

A 60-year-old White woman stated—

*I like the idea of a community. ... Everybody I know that lives elsewhere, they don’t really have that thing where you’re coming together. Like, we have private security here. You know? And that’s really nice and it’s because people got together and said, ‘Hey, this isn’t safe. We need something.’*

These responses illustrate human agency, the residents of the community coming together to tackle a specific problem or issue. As an older female focus-group participant stated, “you ladies were right, when something needed to be done in the community, you ladies were wonderful, you knocked on doors.”

One stakeholder, a Cambodian woman who was a former resident and later worked in the community, listed some of the benefits of the community and the shared activities—

*Residents strongly bonded together. ... Housing also threw the Thanksgiving party for residents every year. ... The school offered both Cambodian-language class and Cambodian classical folk dance. ... They also celebrated a night-time fest once a month that brought lots of residents and kids. ... (The) phone tree, ... we had three languages in Khmer, Vietnamese, and English. ... If any incident happened, we contacted one another immediately.*

A city councilman made a similar statement—

*People who lived within Salishan were fairly tight knit in terms of banding together. Very active with regards to crime prevention and that kind of stuff, so I would just say the strength of community was ... a sense of community. ... There has always been a relatively diverse community. ... Within each of those (ethnic) communities, I think there is obviously a clustering of folks who rely on one another, but I’ve also seen over the years people of different cultural and ethnic backgrounds band together as the Salishan community. And so you’d see Asian and Native American and African American and whatever banding together on certain projects.*

## **Valuing Diversity**

This ethnic and religious diversity is one of the strengths frequently identified by Salishan residents, stakeholders, and many in the larger urban community. They take genuine pride in the ability of so many different groups of people to support each other, to live together, to be a community. Although they are quite diverse in some ways, a tie held that community together—the common experience of being in public housing, of being marginalized, of surviving trauma, of being vulnerable. One community stakeholder, a member of the clergy, noting that trauma was a part of the lives of many residents, stated that—

*The strength of the community came together during suffering, death, and tragedy. Dealing with that and helping each other, I see as a strength. It was an authentic community. ... They knew how to celebrate together with a diverse population. There was no dominant minority to claim, like those in the big cities claim.*

Another stakeholder, a school social worker, stated—

*(Salishan was) a place where cultures could live together and as a whole be nourished. ... When I first came, it was heavily African Americans. That waned as the Vietnamese, ... Cambodians, and Laotians (arrived). It became a place of wonderful ethnic diversity. And now ... Hispanic, ... Eastern European. ... And I think this is very rich.*

A community stakeholder who worked with children and youth commented—

*There was a strong community fabric. ... It was very culturally diverse. ... There was different cultural and ethnic groups that were tighter knit than others. But there was still kind of woven together, 'Everyone's in this.' ... You can definitely notice when they would blend when we'd all be playing and doing stuff together.*

Residents talked about the “good people,” stating that despite different cultures or language barriers, they found ways to communicate. They also expressed positive feelings about the neighborhood diversity—

*I love some of the people. ... There's a couple of moms down at the school that I can't really communicate with and some of them are learning English and I'm so thrilled we can talk. We've talked through translators and we've got, like, so happy to see each other and they're just so sweet. You just kinda learn about their culture by being around them, ... it's like, I wish I can be more involved with all that.*

An older White woman caring for her granddaughter stated—

*They would all kinda look out for each other. I didn't speak their language, but they respected me and I respected them. I wouldn't have to worry that someone would break in. My granddaughter at the time was only 2-and-a-half or 3. She'd go out on the block, and the people would watch her. I felt very safe she could go a couple of houses down. I'm very protective of my granddaughter. The Asian ladies would give her doughnuts and stuff. They looked out for her. She's 10 years old (now), and I don't let her go across the street to the playground. I've tried, but there's too much going on. I don't feel comfortable. I don't know these people.*

Her response illustrates the diminished sense of community she felt after redevelopment.

## **Loss of Community After Hope VI Development**

Many respondents talked about the loss of feelings of community. A 63-year-old White female resident stated, “I think there isn’t a sense of community there was. There isn’t the contact with the people that work up here (THA staff) that there was.” She went on to say—

*I don’t really visit with my neighbors or anything much. (In Old Salishan) I had kids that were out and about and made friends. There was a bunch of kids my kids’ age and they played together. It seems like the kids that are here that are my children’s age, it’s like their families are just, I don’t know, kind of wild.*

Residents also expressed concerns about the loss of the community center and youth programs. An elderly White female long-term resident stated—

*We talked till we were blue. Kids need activities. A lot of these activities are leaving. ... What we tried to communicate, that once these programs leave, not everybody has parks, not everybody can get there. How do people get to the centers? Now these things are just broken up everywhere. They’re scattered. Not everyone can walk. When someone lives here, you could feasibly walk, but it’s a long walk, up the hill.*

This loss of shared common space is echoed by another long term resident, stating, “There’s nowhere to congregate now. ‘Hi. How are you?’ That’s what we do. ‘Smooches. I have to go in the house now, I have laundry to do.’ That’s how it is now.”

Another resident said of the new community, “People don’t have the same values. I’m not really planted here. I’m not invested in the community. I was hesitant about my child going out there, because there’s always a fight or something going on.”

Some of the seniors with the longest tenure in Salishan described trust, interaction, and sharing with neighbors in their old community, noting less interaction in the community since the redevelopment. Many of their friends have moved out and they don’t know their new neighbors as well. Health problems contribute to challenges in getting out and meeting new people. A stakeholder, a member of the clergy, stated—

*It is the hardest on the seniors, specifically ethnic groups who already had a sense of community. Especially those that had family nearby. ... A lot of the people got used to the space, contributed to the gardens. It has become more dense in the new location.*

Respondents identified other barriers to neighbor relationships, including language differences, busy schedules, and more limited opportunities to meet. “We socialize, but our ties are not as strong. Everyone is so busy in America. No one has time.” “I don’t know them and I don’t speak English. I don’t know what to do.” Another, a 45-year-old Russian woman stated—

*I study at the college now and work. There is no time. Another reason is that no one is ever outside. You don’t really see people on the street. ... In the old community, people spent more time outside and there was more socializing.*

It is not surprising that ties in New Salishan were not yet as strong as they were in the old community. “We don’t know as many people here yet. … In a new place, people are more careful. They just look at each other.” “As far as friendships and relations, the old community was much better. It was like living in a small town, where everybody knows each other.”

One respondent recognized that New Salishan would have more economic diversity and thought that this diversity was an improvement. “Income will be more diverse and there will be less poor people and crime.” Another respondent had a different understanding and was disappointed, saying, “They told me that they built them for low-income people, but it is not true.”

## **Socializing in the New Community**

After relocation, 62 percent of respondents reported socializing less with new neighbors than previously, and 35 percent indicated no participation in community activities in their new location. Overall, isolation seemed to have increased among relocated residents, particularly elderly ethnic minority respondents. The Vietnamese, Cambodian, and Russian-speaking seniors thought that being close to others who spoke their language was an important aspect of community life. Some had been involved in strong support networks, such as a Vietnamese phone tree and burial society. As one 73-year-old Vietnamese man said, “The life over here (Salishan) was more comfortable, but here it is nothing; it is just an apartment.” He does not socialize much with new neighbors because, “We cannot talk to each other. … No Vietnamese here. Only me. … Living here is very sad.” A 65-year-old Vietnamese male respondent expressed the same sentiment: “I am very sad to live here. … The Old Salishan was happier than here.”

Cambodians provided mutual aid for each other in times of need, both as individuals and through their temples and churches. One Cambodian respondent explained that the decrease in socializing with neighbors in the new community was “because they are Americans.” Another elder said, “I don’t know [the neighbors] because we don’t speak English and they always go to work.”

Some residents, however, do report positive feelings toward their ethnically diverse neighborhood in New Salishan, suggesting that community is beginning to emerge again. A 63-year-old White woman stated—

*We have a Russian family next door; they’re from Ukraine. I love them. I mean, we’ve been to their daughter’s wedding. You know the adults don’t speak English, so it’s hard to have a real ... relationship with the adults, but the kids, they do.*

She continued, “It really fascinates me, all of the different cultures. And we have a lot of our church people that are from Tonga and Samoa. … I gravitate towards it.” Some connections are being made across cultures in spite of language differences. As a 52-year-old Russian woman said, “I could not speak English. I communicate mostly with Russian neighbors. I do not speak with Americans or Mexicans, but I do know them. My husband speaks to them.” She did state, however, that what she likes most about the community is “Probably the fact that many Russian-speaking people live in this area. In the evenings, especially during summer, people going outside for fellowship talk, like in Russia.” Other signs that community may be beginning to emerge include the fact that 61 percent of parents stated that their children do have friends in the new neighborhood.

## Discussion

We see a community that was ethnically diverse but that came together to address common problems and concerns. Residents felt a strong attachment to the location and to each other. With relocation, the existing community was disrupted. Some of the most vulnerable residents, elderly people, in particular elderly immigrants, seem to have been the most negatively affected by this disruption of community and have experienced increased isolation in relocation. Immigrants' feelings of not fully belonging anywhere, neither their homeland nor their new home, may be partially eased by living in a community such as this one, with a critical mass of people from the same cultural background and other immigrants with at least some shared experiences.

When considering the increasing diversity of the United States (see Census Bureau, 2011; DHS, 2012), recognizing and meeting the needs of immigrants in public housing are critical. Based on this examination of the Salishan community, immigrants' adjustment to the community is enhanced by ethnic-specific agencies and onsite case managers who speak their language. The immigrants who lived in Salishan were strongly connected to ethnically based agencies, churches, temples, and groups such as the Vietnamese burial society. The older generation, in particular, relies on this sense of community. It also is important to recognize the circumstances of their immigration and the resources they bring with them, which may include history of trauma, limited access to education, different living circumstances (urban or rural), and different cultural traditions. Putnam (2007) spoke of "bonding ties" (with one's own group) and "bridging ties" (across groups) and stated that they are not negatively correlated, as one might imagine. Rather, strong bonding ties may be important if people are to develop strong bridging ties, suggesting that if one feels comfortable and supported within one's own ethnic group, one may be more likely to bridge with other groups. This comfort and support appeared to be the case in Old Salishan, where residents had strong ties to their ethnic community but also were able to reach out to neighbors. When this concentrated ethnic base dispersed, residents had a difficult time adjusting to new neighbors and the new community. In fact, a key element to the success of Old Salishan may have been this combination of the ethnic diversity of the community as a whole ("I love all the different ethnic backgrounds") and the ability to live near others of the same ethnic background ("There are lots of Vietnamese here").

To sustain the kind of multiethnic, mixed-income neighborhoods envisioned by HOPE VI, then, the community at large must be more willing to accept refugees and immigrants, recognizing the strengths they bring to the community. In addition, when residents have opportunities to interact with each other, they are more likely to build connections. People need shared space to observe and interact with each other and ultimately develop feelings of trust (Curley, 2010). Many participants in this study noted that people are not outside as much as they used to be and that some of the previous shared spaces no longer exist. Several mentioned the need for a common space. The ultimate conclusion was that neighborhood resources such as common spaces, parks, social services, and residents' feelings of safety and attachment to place are more important than a mixed-income community for enhancing social capital (Curley, 2010; Laakso, 2013).

Given that this sample was a small nonrandom sample of residents who lived in Salishan before HOPE VI, the results of these findings cannot be generalized to other populations in public housing. In qualitative research, however, even small samples of a nonrepresentative nature can provide

potentially useful insights. Further, the results of this study ring true when compared with other recent research on HOPE VI that have come to similar conclusions about challenges in mixed-income neighborhoods and the loss of community.

What does the future hold for Salishan? The demographics continue to change, as they have over time in the past. Salishan remains one of the most diverse communities in Tacoma. Whether this neighborhood can regain its true sense of community remains a question, because communities take time to grow and develop. The history of Salishan shows that diverse groups of residents can work together. What remains to be seen is how the greater income spread will affect the formation and stability of the community. Salishan worked because of a sense that “we’re all in this together.” That feeling may not exist in a mixed-income community. With the increasingly diverse U.S. population and continual flow of immigrants from various parts of the world, public housing will likely continue to be a destination for those immigrants and require attention to their needs.

## **Recommendations**

To maintain a truly diverse community, a critical mass, not dispersal, of immigrants and refugees is needed. The experiences of residents in Salishan demonstrate the importance of institutions such as, in the case of the Russian speaking, the church, and, in the case of the Vietnamese and Cambodian, the temples, church, and a small ethnic-based social-service agency. Another important consideration is the needs of multigenerational families. Many multigenerational immigrant families were broken up as a result of relocation, because either housing units were not large enough or multiple incomes disqualified the families from public housing. We recommend that stringent readmission criteria be waived when appropriate to allow for more former residents to return to these redeveloped communities. Residents also have decried the loss of a community center as a place to meet. The shared space of pocket parks and a few larger parks may not be widely used.

Elderly people and those with disabilities have limited mobility and access and may need some additional support. Housing authorities should develop and enhance partnerships for targeted supports to people with disabilities, children and youth, monolingual refugees, and immigrants.

Finally, rather than adopting the one-sided emphasis on mixed-income and ethnically diverse communities as places where poor people can benefit from interactions with those who have higher incomes, it is important to recognize that all residents can benefit from vibrant, ethnically diverse and income-diverse communities. Indeed, middle-income residents can learn resourcefulness and strategies for building community from their lower income neighbors. The long-term viability of these communities demands this recognition of the strengths of all community members.

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# **Mixed-Tenure Orthodoxy: Practitioner Reflections on Policy Effects**

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## **Abstract**

*This article examines mixed tenure as a policy orthodoxy. It first sets out how mixed tenure may be considered to constitute an orthodoxy within planning, being generally accepted as a theory and practice even in the absence of supporting evidence. Five elements of this orthodoxy are identified, relating to (1) housing and the environment, (2) social change, (3) economic impacts, (4) sustainable communities, (5) and socio-spatial integration. Interviews with practitioners involved with three social housing estates that have experienced mixed-tenure policy interventions are reported to consider why the implementation and effects of mixed tenure might not correspond with the orthodox understanding. It is argued that policy ambiguity and weaknesses in policy theory and specification, alongside practical constraints, lie behind incomplete and counter-productive policy implementation, but a belief in pursuing the policy orthodoxy persists nevertheless.*

## Introduction

Planning has been described as, or in some cases accused of, from time to time having orthodox approaches to creativity and problem solving. The most famous critic in this regard was Jane Jacobs, who railed against the “saints and sages of *modern orthodox planning*” (emphasis added) and what they had to say “about how cities ought to work and what ought to be good for people and business in them” (Jacobs, 1961: 8). Planning orthodoxies are not unchanging however; as Dudley (2012: 1) said, “one generation’s orthodoxies … may be subject to condemnation in the next.” Thus, although in urban planning we can find critical commentary on the orthodoxy in favor of “fast and efficient freeways” for U.S. cities in the 1950s (Dudley, 2012) and the negative consequences of associated “urban renewal” (Anderson, 1964), more recently we can observe the opposite in the form of resistance to what has been called the “planning orthodoxy” of compact cities and higher density redevelopment (Randolph, 2006).

Orthodoxy can be defined as an “authorized or generally accepted theory, doctrine, or practice” (<http://www.oxforddictionaries.com>) or “the generally accepted beliefs of society at a particular time” (<http://www.dictionary.cambridge.org>). Professions like to operate with orthodoxies because doing so gives the impression of authority, expertise, and coherence within the body of practitioners, in that a marshaling of the evidence and their professional experience leads them to adhere to the general approach. The orthodox approach may eventually achieve the status of unassailable conventional wisdom, something that is hard to shift and where appropriate evidence is often not collected to enable a challenge to be made from within or outside the profession. When the orthodox approach is perpetuated without any evidence of effectiveness or successful outcomes, or even in the face of evidence of negative effects, then it may be all the stronger for surviving as belief as much as on authority.

We would argue that the promotion and development of mixed-tenure communities have constituted an orthodoxy within housing, urban, and planning policies during the past two decades, at least within the United Kingdom if not also in a number of other Western European countries. Accounts of the rise and persistence of mixed-tenure policies have been given in several reviews: see Kleinhans (2004); Bond et al. (2011); and Sautkina, Bond, and Kearns (2012). Having pursued mixed-tenure policies since at least the early 1990s (Tunstall, 2003), governments in both England and Scotland recently commissioned evidence reviews on the subject. Tunstall and Lupton (2010) concluded that mixed tenure has a limited role and is unlikely (alone) to improve individuals’ life chances, thus questioning its function as an antidote to concentrated poverty or multiple disadvantage (see Berube, 2005). In relation to council estates, Tunstall and Lupton said that the evidence of mixed-tenure benefits is not strong enough to justify the financial and social costs of restructuring social housing areas. Monk, Clarke, and Tang (2011) also concluded that, although the evidence is supportive of mixed tenure in new developments, the evidence is less clear that mixed tenure is effective in existing social housing estates, over and above traditional renewal (in physical, environmental, and service terms). Lastly, Tunstall and Lupton (2010) highlighted that the evidence is too weak to offer guidance about the levels of mixing required to produce benefits. These reviews highlight the weakness of the evidence base for mixed-tenure policy, and thus help confirm its position as orthodoxy.

## **Mixed-Tenure Orthodoxy**

This section reviews some of the main tenets of mixed-tenure housing policy, in terms of both how policy intends or expects them to operate and what is known about their functioning and effects.

The most immediate effects of mixed tenure on existing social housing areas are expected to be on housing and environmental quality within neighborhoods, possibly due to the provision of a greater variety of house types and designs by private developers, because of associated physical improvements made as part of mixed-tenure developments, or as a result of the care and maintenance behaviors of owner occupiers. Several U.K. studies have reported greater resident satisfaction with the surrounding physical environment in mixed-tenure neighborhoods, although its attribution to mixed tenure rather than to other planning policies has been questioned (Atkinson and Kintrea, 1998; Beekman, Lyons, and Scott, 2001; Pawson, Kirk, and McIntosh, 2000). Whether or not the expected caring behaviors of homeowners—as might be observed in mono-tenure, suburban situations—can be translated to mixed-tenure, inner-city neighborhoods is also uncertain. Evidence on the extent of owner occupier reinvestment in their properties shows that owners' attitudes to their neighborhoods are very influential on their maintenance behaviors, particularly their feelings of solidarity with their neighbors and their short- or long-term plans to move (Galster, 1987), both of which might be expected to reduce maintenance behaviors in mixed-tenure neighborhoods.

Tenure mix is also intended to have significant social effects within communities, partly through the increased responsibility that comes with home owning rather than renting, and partly through altering the social composition of neighborhoods through the introduction of higher income groups. Two difficulties emerge in this regard. First, tenure mixing is not guaranteed to deliver substantial income mix; one of the few empirical studies of this issue in Europe concluded that “the association between housing mix and social mix is not very strong” (Musterd and Andersson, 2005: 26). Second, it has been argued that if the income or social-class gap between co-resident groups is too great, then the transmission of social changes from one group to another may not happen.

Thus, the assumption is that having a greater diversity of residents, especially including higher income groups alongside poorer and more deprived residents, has the potential to change the attitudes and behaviors of the disadvantaged group. This change is expected to happen through a number of social mechanisms (Galster, 2007), some operating on an individual basis (for example, through peers and role models) and some on a collective basis (for example, through social pressures to conform and the exercise of informal social control). These mechanisms may serve to change the aspirations and behaviors of individual residents and the transmitted expectations and norms of the community. Key behavior areas of concern in this regard are attitudes to the local environment (as discussed previously); to education and employment; and to crime, antisocial behavior, and the exercise of informal social control.

A number of studies have indicated the operation of social-mix neighborhood effects on education, albeit with different minimum levels of affluent neighbors required for beneficial influences on specific outcomes: school-leaving age and teenage childbearing (Crane, 1991), educational attainment (Duncan, Connell, and Klebanov, 1997; Kauppinen, 2004), and intellectual and behavioral development scores (Chase-Lansdale et al., 1997).

Two propositions relate to informal social control regarding mixed communities. First, that owners or higher income residents will be less likely to put up with crime and antisocial behavior and will either intervene directly or call on the authorities to act, and they will generally support enforcement of rules (Rosenbaum, Lurigio, and Davis, 1998). Second, communities with more middle-class residents will be more socially organized and therefore better able to supervise their members, develop and transmit social norms, and ensure compliance with those norms so that problems occur less often. Although studies have shown that crime and informal social control are generally related to community characteristics such as socioeconomic status, residential stability, levels of homeownership, and organizational participation (Sampson and Groves, 1989; Sampson, Raudenbush, and Earls, 1997; Veysey and Messner, 1999), “the available evidence is inconclusive about whether increased levels of social control have been observed in existing mixed-income developments and, if so, what the source of that increased control is” (Joseph, 2006: 219). A recent review of U.K. research on existing developments reported very inconclusive evidence about the relationship between tenure mix and perceptions of crime and antisocial behavior among residents (Sautkina, Bond, and Kearns, 2012), and the review found only one study showing that mixed tenure resulted in a reduction in crime (Page and Boughton, 1997).

The economic impacts of mixed communities are held to be of two broad types. With the first type, a social-capital argument asserts that weak social ties between neighbors who are different from each other will particularly benefit lower income groups by providing access to employment information and job opportunities (Granovetter, 1995; Lin and Dumin, 1986). The European evidence for such employment or income effects of residential mixing is limited and inconsistent, however. Scottish longitudinal research has found no effect of tenure mix on individuals’ ability to obtain employment over time and an only minimal positive effect on their ability to remain in employment (van Ham and Manley, 2010). Swedish evidence, on the other hand, points to some gains in earnings for low-income groups from having middle-income neighbors as a dominant group; having other lower income neighbors, however, can erode the positive effect (Galster et al., 2008), indicating that precision in mixing may be important to deriving the best outcomes for residents.

Despite the empirical evidence for social-interactive effects of mixing—be it for the environment, employment, education, and so on—questions remain about the mechanisms involved. Galster (2012) asked whether the effects of affluent neighbors derive from role-model effects or from the extra resources brought into local institutions, like schools. Joseph (2006) questioned whether role modeling concerns the transmission of values or relates more to skills and opportunities; that is, whether it involves observation (“distal role-modelling”) or direct contact involving advice, feedback, and accountability (“proximal role-modelling”). He concluded that, “Although the presence of middle-class role models has become a fundamental and commonly accepted rationale for mixed-income development, my review raises serious questions about the relative importance of this proposition” (Joseph, 2006: 221). These things matter for our purposes, as the mechanisms involved in neighborhood effects from social mix have different implications for the other neighborhood conditions required for those effects to operate.

The second type of economic effect of mixed communities is that higher income residents are expected to help “create a market for services” (Smith, 2002) through their spending power, thus attracting private investment into the local area. By contrast, some U.K. research has reported that

more affluent residents in deprived areas “are able to escape [the] area by car to access external services” (Atkinson and Kintrea, 2004: 451), thus undermining the local economic impact of mix. On the area economic impact, however, Joseph (2006: 221) remarked, “Despite a lack of empirical evidence, this proposition remains a compelling argument.”

Mixed communities are often discussed as part of the “sustainable communities” policy agenda (ODPM, 2003), with tenure mix seen as a means to developing greater sustainability for the future. For existing social housing areas, the sustainability question relates to issues of housing, reputation, and management. In housing terms, the identified problem was of low demand to live in some social housing estates, attributed to poor-quality housing or a lack of the right types and sizes of dwellings to meet people’s needs or aspirations (Bramley and Pawson, 2002). This issue was seen to be exacerbated by the fact that some areas had negative reputations, being seen as run down, poverty stricken, suffering problems of crime and antisocial behavior, and lacking a sense of cohesion or community, all of which could lead existing residents to leave and deter others from moving to the area (Permentier, van Ham, and Bolt, 2007). Mixed-tenure communities are intended to improve the external reputation of social housing or deprived areas.

The management issue is a slight variant on the issue identified in Joseph’s version of the “political economy of place” (Joseph, 2006). The case of social housing areas has raised dual concerns. One concern has been not so much that such estates were ignored by the authorities and lacked effective advocates for public-sector attention, but rather that they relied too heavily on public interventions and services and would benefit from more self-governance, aided by the participation and voice of higher income groups and homeowners. More recent research, however, has indicated that deprived areas may still suffer from a level of public services that is insufficient to compensate for the problems of disadvantage. This lack may be because of low expectations, rationing, discrimination, or competition with other areas (Hastings, 2009), all of which effects may be reduced by having a more diverse resident group.

As we have seen, some of the intended benefits from residential social mix are expected to be produced via social interaction between income or tenure groups, although recent reviews have been pessimistic on this point. Galster (forthcoming) concluded that social mix was probably insufficient to generate substantial interactions between groups, and Tunstall and Lupton (2010: 20) went further to state that “Limited social interaction between tenure, employment and income groups … [was] partly … because of design and layout which tend to mean people from different groups are not literally neighbours.” Similarly, Kleinhans (2004: 378) observed that cross-tenure interactions were “hampered by spatial separation between tenures as a result of neighbourhood layout.” This observation echoes Kleit’s (2005) finding that social connections were greater with spatial proximity and shared attributes.

This consensus of view about the causes of limited social interaction in mixed situations is consistent with the view among housing and planning professionals that fuller spatial integration of housing tenures is more beneficial. Thus, a best-practice guide to mixed communities recommends that through a “pepper-potted” or “dispersal” approach, “the greatest integration between tenures is achieved” and stigmatization of groups avoided (Bailey et al., 2006: 49).

To summarize, we identify the following elements of orthodoxy within mixed-tenure housing and planning policies.

- Tenure mix will deliver improvements in the quality of the residential and physical environments.
- Tenure mix will result in social change within communities, in terms of both social composition and social behaviors.
- Tenure mix will have a positive effect on the local economy, helping to reduce unemployment and boost local spending.
- Communities will become more sustainable because of tenure mix, through increased housing demand and reduced public-sector inputs.
- Spatially integrated forms of tenure mix will be the more successful in producing positive results.

Our aim in this research is to see how practitioners who have been involved in developing and managing mixed-tenure housing estates reflect on their achievement of these objectives and then to consider why such orthodoxies might be clearer and simpler in theory than in practice.

## Methods

This section describes the urban setting for our study, the specific study areas involved, and the composition of our qualitative sample of interviewees.

### Study Communities

We studied three postwar council estates—that is, “rationally planned schemes” (Ravetz, 2001)—in Glasgow, each changed in different ways from being entirely socially rented housing to becoming mixed tenure during the past 20 years or so. Castlemilk and Drumchapel are two of Glasgow’s four peripheral estates, built on the edges of the city in the 1950s and now containing approximately 7,000 and 6,000 dwellings, respectively. The tenure structure is identical for the two estates, with 74 percent social renting, 23 percent owner occupation, and 3 percent private renting (GCC, 2011). Part of the tenure change in each estate was a result of Right to Buy, a policy of the 1980s that gave council tenants the option to buy their homes at discounted prices. Furthermore, Castlemilk was subject to a government-led regeneration program in the 1990s, which reduced densities on the estate and allowed for infill private development, especially along the southern and eastern boundaries of the estate (CPC, 1999). Drumchapel was extended on its western edge through a new access road that opened up green land for private housing development (GCC, 1992). More recently, several infill private housing developments have been started as part of the council’s New Neighbourhoods Initiative, intended to bring middle-income families into social housing areas (DAHP, 2002). In the case of the two peripheral estates, the housing tenures tend to exist in segregated and segmented developments, for example, in separate culs-de-sac or across the street from one another.

The third study area is what is now called New Gorbals, comprising the redevelopment in the 1990s of part of the wider Gorbals estate through large-scale demolition and a master-planning

exercise (CZWG, 1990; Tiesdell and MacFarlane, 2007) with a strong emphasis on urban design and mixed-use (residential and commercial) buildings and boulevards, a grid street layout, and higher densities (Thompson-Fawcett, 2004). According to local property tax records, New Gorbals consists of 1,800 dwellings with a tenure mix of 50 percent social renting, 38 percent owner occupation, and 12 percent private renting. Because of the redevelopment, the tenures are more integrated in New Gorbals than in the two peripheral estates, with the tenures sometimes alternating between staircases (“closes”) in the same street block.

## **Interviews**

Interviewing “stakeholders” and “implementers” has been identified as a useful, perhaps even necessary, part of understanding how programs and policy actions might have effects through aiding an evaluator’s understanding of the intended outcomes, contextual influences, and resource requirements and “the sheer complexity of the interventions” (Mackenzie and Blamey, 2005: 155). Using practitioners as key informants in the study of urban, community-level policy interventions has been done before. In the field of urban health, research has used “key stakeholders,” including local policymakers and practitioners, to investigate how programs are developed in the absence of good evidence to guide community and environmental interventions (Goodwin et al., 2012). A previous study in Scotland targeted practitioners to examine area effects on life chances in deprived areas consisting of both social housing and mixed tenure by selecting for interview public service and welfare professionals with knowledge of the patterns of social life on the estates (Atkinson and Kintrea, 2004). Given the fact of policy orthodoxy, practitioners may be inclined to view the policy in a positive light, but in asking them to consider a range of outcomes, we are more likely to open up a space within which they can consider how well-founded that belief is.

We purposively sampled practitioners through our contacts with the city council, using a snowballing method to reach others thereafter, and we sought to include people involved in decisions about the development of the three estates in the 1990s and people working on the estates today. In total, 17 practitioners were recruited and interviewed, including urban planners, housing management staff, regeneration agency staff, and head teachers at local schools for all three estates. One socioeconomic development officer, one chair of a community organization, and one architect were also interviewed. The interviews were equally balanced among the three estates, 11 interviewees were male and 6 female, and the response rate was 84 percent. The semistructured interviews lasted 45 to 60 minutes, were digitally recorded, and were professionally transcribed before being thematically analyzed. The first part of the interview concerned previous conditions on the estate and the history of its redevelopment. The second part of the interview concerned the operation and contribution of tenure mix and the improvements still required on the estates.

## **Findings**

In this section, we present the findings from our interviews with policymakers and practitioners pertaining to each of the five main elements of planning orthodoxy around mixed-tenure communities.

## Housing and the Environment

In the case of all three estates, physical improvements were emphasized as one of the main achievements of the past two decades, but this achievement was attributed to several factors, not solely tenure mix. The two peripheral estates saw many of the 1950s tenements improved, others demolished, and houses with front and back doors developed, both by social landlords and private developers.

*There is also a better housing conditions (sic) for residents, a better fit between household type and dwelling type.*

—Urban planner, Drumchapel

The role of design in environmental improvement was stressed, particularly in the case of New Gorbals but was also mentioned to a lesser degree in the case of Castlemilk.

*There was money put into it ... to achieve better standards of building, like stone and better materials in the roads and that, some public art and things like that.*

—Urban planner, New Gorbals

*The first thing I was impressed with was the attention to detail that the planners had used. There were a lot of small parks, or areas where there's little bits of artwork—and they'd obviously tried to make each street different and give it a bit of identity and also create places that encouraged people to be out, other than the shops—so they were encouraging people to sit outside and play outside.*

—Teacher, New Gorbals

Also, as might be expected, improved maintenance of housing and its surroundings was identified, although this improvement was attributed not so much to tenure mix as conventionally understood. Rather, it was attributed to diversification of ownership of the social housing stock on the estates and the localization of management that came with it.

*At one time, there was nearly 10,000 houses, you know, that were all council. ... So what has been achieved is not just diversification of broad tenure; it's the, how many different landlords have we got, social landlords have we got in Castlemilk? Probably about 10 or 11, if you count all the housing associations. So, you know, that's been something that has been achieved.*

—Urban planner, Castlemilk

This tenure diversification was linked to improved maintenance through the operation of competitive behaviors among landlords, landlords' desire to protect their recent investment in the housing stock, and their use of behavioral contracts with tenants. Reference was also made, however, to the effects of housing improvements and the *good neighbor effect* of having owners around to influence others.

*I'm sure, if you've got nice houses round about you and people are looking after their houses better because they have bought them, rather than rented them, then you would have to think that people feel better about their own locale within Castlemilk.*

—Teacher, Castlemilk

More than any other change, the physical improvements were attributed with psychological gains for residents.

*I think people ... generally do feel more confident in themselves, and there's a feeling of pride in if a child goes to this school to be associated with it. ... To say that you come from Castlemilk has a better feel to it now than it may well have done in the past.*

—Teacher, Castlemilk

*A good, warm, safe, protected environment gives people more peace of mind.*

—Housing officer, Drumchapel

*Well, I think it's positive because what you have, ... it's helped to raise the overall quality of, you know, visual appearance, it's taken away the kind of stigma of poor housing, particularly where we were in the '80s.*

—Housing officer, New Gorbals

## Social Change

Social change was considered insufficient in all three areas, with interviewees describing persistent poverty and deprivation, social fragility, and a set of behavioral problems. These issues were identified most readily, but not exclusively, by teachers.

*The HMI [Her Majesty's Inspectorate of Education] report, the background says that we've got a number of issues of alcohol abuse, drugs, gang cultures, poor diet, breakdown in relationships between families ... there are many, many families with social-work connections. ... So I think, in terms of the regeneration, there may well be houses out there that are better stock and healthier places to live in, but I think it's things like the diet, the social and emotional well-being of adults and young people, and I think that's still a factor.*

—Teacher, Castlemilk

The interviewees shared a common view that tenure mixing within council estates could not be expected to shift social problems or alter communities on its own.

*The community as a whole being improved, simply by tenure diversification? Never seen that happening anywhere, including Drumchapel. ... A sprinkling of homeowners doesn't really affect the chronic unemployment and the deprivation.*

—Socioeconomic development officer, Drumchapel

Social change was described more in the case of New Gorbals than in the case of the two peripheral estates, with an influx of young professionals since redevelopment partly because of the types of properties for sale (of the right size and price), but also because of the area's location near the city center.

*I do believe that the tenure mix and the change has helped, because then you don't have an overconcentration of a certain type of group of people, ... you've got a community that can be a working community, you can have a community that's an aging community, but you can also have a community that's a young community and that's coming up, so I think that has helped to rebuild a variety of people within the Gorbals.*

—Housing officer, New Gorbals

Although it may have helped the situation, redevelopment with tenure mix was also seen as giving an inflated view of progress in an area.

*It's definitely changed. It's certainly not as bad as it was before ... but it's not quite as transformed, in my opinion, as people who have nothing to do with the area think it has.*

—Teacher, New Gorbals

*I think the slight downside with all the new buildings is that it's put a little bit of a veneer over the area, because there are still problems that, compared to other areas of the city, are higher in number than it looks.*

—Teacher, New Gorbals

## Economic Impacts

Economic compositional changes within the areas are evident, in that owner-occupied houses are now on the estates. Practitioners were uncertain, however, about whether these changes were affecting the local economy through greater local expenditures.

As previously noted, the estates are still considered deprived, and persistent unemployment was referred to in the interviews. There was little talk of change at a household level.

*There are a third generation of workless people living in Castlemilk; this cannot be improved immediately by renewing houses. And nothing can be done alone; there is a need of partnerships.*

—Teacher, Castlemilk

*We've got 64 percent of children living in workless households in the Gorbals. That's people who are traditionally Gorbals born and bred. That's the Gorbals; that's the Gorbalytics.*

—Regeneration officer, New Gorbals

In relation to employment, rather than talking about the effects of employed, owner-occupier residents on their neighbors (for example, through raising aspirations or through informational or job networks), interviewees spoke about the need to develop the local economic base in and around the estates to provide job opportunities and to overcome poor transport connections. In respect to the two peripheral estates, the general view was that these things had not been achieved sufficiently.

*Drumchapel Business Village still hasn't been completely developed; it is currently a partly vacant serviced site. All the infrastructure's in place, waiting for a developer to come along to a serviced plot.*

—Urban planner, Drumchapel

*It's that issue of proximity to where the economic base actually sits. We have a business park in Castlemilk, which has got 70 businesses on it. They employ around 750 people, and about 60 percent of those are Castlemilk residents. And that's fabulous; but outside of that, there's very little employment in terms of an economic base.*

—Regeneration officer, Castlemilk

*It's bus services from Castlemilk; whilst there, those bus services are reasonably well connected if you're coming into the city. To cross the area, at all, is virtually impossible. ... If you take recent employment opportunities in places like Silverburn, where there was a new retail development, ... it was hugely difficult for people to pick up employment in somewhere like Silverburn, simply because of the transport infrastructure.*

—Regeneration officer, Castlemilk

When economic impacts were discussed, the discussion related to improved local amenities, especially for the peripheral estates, such as new high schools, supermarkets, leisure and sports facilities, and family centers, among other things. These improvements were attributed to tenure mix for two reasons: (1) selling land to developers, or striking planning-gain deals, provided the resources for facilities; and (2) the development of tenure mix provided confidence within the public sector for investment in the areas.

*Tenure diversification absolutely helped changing the infrastructure of Castlemilk, because the council would never have had enough money to do it.*

—Housing officer, Castlemilk

In Drumchapel's case, it was nevertheless held that despite the new school and new leisure center, and the existence of a master plan for improving the town center, amenities were still very poor.

*... there is a limited amount of things available for social interaction in terms of, you know, where mothers could meet or, you know, take their kids, you know, for a coffee or things like that. That's quite limited in Drumchapel. The shops are very limited, so you couldn't wander around.*

—Regeneration officer, Drumchapel

Food shops were particularly criticized in Drumchapel.

*If you look at the shopping center, there are no good quality food shops. You've got Farmsfoods, which sells processed frozen food, cheaply. The nearest supermarket is Sainsbury's. Sainsbury's is one of the most expensive supermarkets. There's nothing in Drumchapel Shopping Centre where they can go and buy fresh fruit and stuff like that.*

—Teacher, Drumchapel

## Sustainable Communities

In all three cases, interviewees considered the creation of a viable housing market in the area as a success, reflecting both the confidence in the area and the quality of housing provided.

*I think that most of what's been built in the last 20 years is good and worth keeping. I don't think there's much that I would say wasn't a success.*

—Urban planner, New Gorbals

Owner occupation was seen as having provided stability to the estates, either as an innate characteristic of the tenure or as a result of providing greater housing opportunities for locals.

*Yes, well, it's [owner occupation] a positive contributing factor because it's a stability.*

—Housing officer, Drumchapel

*A lot of the locals are moving into the houses for sale. If they're getting good enough jobs to be able to move on, a lot of them are moving up within the area, rather than moving out of the area, so I've seen a big, big change that way.*

—Housing officer, Castlemilk

Owner occupation was not necessarily seen as making the estates self-sustainable or self-managing, however. The estates were viewed as still requiring more attention and ongoing maintenance than many other areas.

*We have to make sure that people care for their area and we care for the houses, you know? If we don't do that, it'll go back the way it was years ago... We still have to deal with the people from day to day, you know? If there's a repair needing done, they might report it to us, or if they want to complain about a neighbor or if a neighbor complains about them, we still have to take a certain amount of responsibility for them.*

—Housing officer, Castlemilk

In the case of all three estates, issues of local control were raised with regard to the question of sustainability. For the two peripheral estates, the absence of estate-level management was considered an obstacle.

*One of the things that Castlemilk lacks now, ever since '06, has been a dedicated body that looks at Castlemilk itself and looks at it in a strategic manner. And that's unfortunate; I think ... the area is suffering from not having local residents and officials from various agencies getting together and hammering out the problems and trying to find solutions.*

—Urban planner, Castlemilk

A different issue of control, indirectly stemming from the switch to mixed tenure, was identified in the case of New Gorbals, so that stability was not discussed to the same degree in this area. Much of the private housing had changed tenure from owner occupation to private renting, over which the community could not exercise control. The expansion of private renting was seen to cause problems of antisocial behavior, lack of commitment to the area, and unfamiliarity with one's neighbors, resulting in local frustration with the situation.

*It's not amazing; it is disgusting to people who have saved hard to buy their own property. And they don't know who's moving in next door to them.*

—Community chair, New Gorbals

Interviewees talked about how visitors to the estates and service providers such as taxi drivers often remarked on how much the areas had changed and improved, but in the case of both Drumchapel and New Gorbals, a view remained that the negative reputations of the areas had not been shifted and that many potential residents did not consider them suitable places to bring up children.

*We've got lots of—we've got a member of staff who grew up in Drumchapel, which a whole lot of others, he's a deputy head in the school, but he moved out of Drumchapel because of the perception that it wasn't a good place to raise a family.*

—Teacher, Drumchapel

*There does seem to be a feeling that, if you're moving here with children, there's more to consider about whether or not you'd want to come here.*

—Teacher, New Gorbals

*Although the Gorbals has got a bad name, it shouldn't have the bad name. The bad name's from years ago.*

—Community chair, New Gorbals

## Sociospatial Integration

The two peripheral estates suffered from a longstanding problem of parochialism, which interviewees thought had been exacerbated by the way in which tenure diversification (including mixed tenure) had been implemented. It was still thought to be the case that social-sector tenants living on the estates were reluctant to move elsewhere or to go elsewhere for jobs or training. The fact that a significant proportion of the owner-occupied housing was bought by people with a local connection had not helped to change the outlook of the estate residents.

*It was people returning to Castlemilk—but it was then also people who would have left Castlemilk were also staying—one, to either be in a housing association, or two, to buy and buy locally, close to their parents and things like that. So we didn't, there weren't a huge number of new people, really.*

—Housing officer, Castlemilk

Tenure diversification within the socially rented sector, through the splitting up of the council housing stock into local housing associations, likewise may have solidified or exacerbated issues of local identity.

*There are small pockets of very self-contained groups, and you know ... to a certain extent, the housing associations have contributed to that. ... They identify more closely with their housing association as their area than they do as people from Castlemilk.*

—Regeneration officer, Castlemilk

*Just from the youth diversionary work that we've done, they definitely have a new sense of place and attachment to Drumchapel, but it tends to be a particular part, whichever part they come from.*

—Housing officer, Drumchapel

In Castlemilk and Drumchapel, unlike in New Gorbals, the two main tenures are visually and spatially distinct, mostly existing in separate pockets of development in certain parts of the estates.

*They're only mixed within the areas where we originally owned the houses. If you get, the areas that have been built for owner occupation are aside from our rented areas. There's not a house next door that's rented and one private.*

—Housing officer, Castlemilk

This physical distinction (in appearance and location) did not assist with integration, and the prospect of polarization was mentioned.

*I would say that there's a pretty healthy number of private houses out in this area and the northern edge. But they might not think they're part of Drumchapel.*

—Housing officer, Drumchapel

*Castlemilk could become even more polarized into two communities: a stable work-rich, owner-occupation sector and a more vulnerable work-poor, socially rented sector.*

—Housing officer, Castlemilk

In New Gorbals, where the housing tenures were much more spatially integrated, difficulties of generating social interaction were still reported, again attributed to the localized nature of the development and its separate identity.

*The housing has been significantly improved, but there are no people moving around. If you go into the central square of Gorbals—sorry, New Gorbals—there are people moving around. If you go less than 100 yards away from there, there are no people. It doesn't connect in a—I don't feel it connects as a community in the way that it did previously.*

—Regeneration officer, New Gorbals

*People in Gorbals now live in a very, very small proximity. Gorbals used to be linked—it was Laurieston, it was Gorbals, it was Oatlands, etc. Oatlands is now absolutely separate, and people in Oatlands object that they've got to go to Gorbals Cross to shop. ... So there's a different mentality in terms of the way that we've created this infrastructure and created the tenure. And I'm not convinced that it's absolutely right at the moment. What I think it does is, it's created a very sterile atmosphere.*

—Regeneration officer, New Gorbals

Low levels of social integration in New Gorbals, however, were also seen to be a product of the fact that the owner-occupied housing was predominantly lived in by nonfamily households.

*So, some people are quite happy being single, or being a couple with no children, having their friends, wherever they are, and not needing to feel fully engaged in the community.*

—Teacher, New Gorbals

## Discussion and Conclusion

From the practitioners' accounts of change, we know that they identify advances for all three estates during the past 20 years. We can also see that they realize that many components of the mixed-tenure orthodoxy have not been achieved, and some of them clearly have not been attempted. In this section, we identify a number of possible reasons why this might be the case.

There has been a *selective emphasis* within the attempt to transform these neighborhoods, with a predominant focus on housing and physical changes, including housing-quality improvements and housing-tenure change at the estate level, with the development of a housing market within the estates considered a major success. The practitioners' many concerns about the continued deprived status of the estates, however, undermine the notion that mixed-tenure policy success can be measured through housing price impacts (Groenhart, 2013). Indeed, the practitioners raised concerns about problems of ongoing affordability of homeownership lying beneath the aggregate tenure-change statistics, especially in relation to maintenance and utility bills for new owners on the estates.

The desire to develop a housing market on the estates also reveals an *ambiguity and vagueness of intention* behind mixed-tenure policy. Sometimes practitioners talk about bringing “new blood” to the estates as a means of transformation and rejuvenation, but at other times they emphasize the expansion of house purchase opportunities for those living on the estates or with roots in the estate but currently living elsewhere. Both goals are legitimate, although they have yet to be compared as effective routes to change for social housing estates. They also reflect a classic case of “vagueness” in policy goals (Hogwood and Gunn, 1984), however, because the objective of achieving “mixed communities” (Holmes, 2006) is not specified in terms of the types or levels of tenure or other mix desired within any locality. This ambiguity of intention is hidden by means of “framing success” in terms of aggregate tenure change at the level of the estates (McConnell, 2010).

Practitioners would identify that the “job is not finished” on the three estates, but whether it will ever be so is open to question as a result of *incomplete implementation*. Elements of the transformation of places that are necessary for the creation of sustainable places have either not been tackled, such as area reputation (Kearns, Kearns, and Lawson, 2013), or weakly or incompletely tackled, such as the provision of local amenities and commercial premises. This *implementation gap*, an apparent inability to address the estates’ social and market failures, may partly reflect pragmatism (Hill and Hupe, 2002)—that is, that policy cannot “buck the market”—but it is also partly a product of not envisioning the task of neighborhood and community change as more than a spatial planning process.

We can also identify what we might term *counterproductive delivery*, which goes against the tenets of the prescribed orthodoxy. In the case of the two peripheral estates, little attempt was made to spatially integrate the main housing tenures. On the contrary, delivery has taken the form of segregated and segmented mono-tenure developments alongside one another, which is often what most suits housing providers of either tenure. Social landlords argue for clustering of properties for efficiency of management purposes; private house builders argue for separate developments to assist with property values and marketing. Practitioners now admit, however, that the estates suffer from forms of parochialism, with identities and boundaries hardened by the developments and tenure diversifications that have taken place. They also identify a lack of strategic, estate-level governance—such community organization and management being a key principle of sustainable communities—to assist the future development of the areas (Power, 2003). Although the spatial integration of tenures was achieved to a greater degree on the one estate (New Gorbals) where a master-planning process occurred than on the two estates that followed a process of incremental adaptation (Castlemilk and Drumchapel), across all three estates the general criticism of traditional planning could be applied that “land use and physical planning remained the central concern, with little attention to environmental, economic and social dimensions” (Todes et al., 2010: 415).

This last point reflects the fact of *weak belief in an underspecified policy theory* (Knoepfel et al., 2007), despite adopting mixed tenure as a policy instrument. The interviews contained little evidence that practitioners believed in the social-interactive, behavioral effects of tenure mixing beyond, perhaps, some influence on property-maintenance behaviors. Policy documents at the national and local levels in the United Kingdom contain little if any specification as to how, or under what conditions, any of the various social-interactive mechanisms associated with mixed communities within neighborhoods (Galster, 2012) are meant to operate. This lacuna in policy guidance, including on

the role of mediating amenities and social venues and the possible importance of thresholds of mix (Galster, Quercia, and Cortes, 2000), has arguably left practitioners to focus on what they were familiar with, hoping at least for policy effects on housing and environmental quality and possibly also area reputation (for example, through housing market formation), if nothing more.

In effect, policy for these estates has turned out to be about the production of a *static tenure mix*, rather than the nurturing of *dynamic social mixing* (see Livingston, Kearns, and Bailey, forthcoming). In addition, despite weaknesses in the policy process at all stages (Hill, 2005)—from problem identification, through policy formulation (including weaknesses in evidence and theory), to policy implementation—practitioners nonetheless subscribe to the mixed-tenure approach, believing that it has not done any harm even if it has not achieved all it might. They do not ask the counterfactual questions, “What would have happened in the absence of mixed tenure?” or “What else might we have done?” The belief that mixed tenure is “the only game in town” for social housing estates, irrespective of context, how it is delivered, and what types of mix are produced and with or without other supporting elements, indicates that it has achieved the position of orthodoxy in the critical terms set out by George Orwell (1949: 56): “Orthodoxy means not thinking—not needing to think. Orthodoxy is unconsciousness.”

To overcome this adoption of unconscious orthodoxy, policymakers and practitioners might need to change the lens through which they view social change brought about by tenure mix within social housing estates. The scale of focus is often too broad; that is, aggregate change at the estate level is not the same thing as neighborhood changes within the estate. In addition, the focus on tenure mix, although seemingly fundamental, does not equate to comprehensive improvement; that is, other key elements of the physical, social, and economic environment also need plans for transformational change. Even in relation to tenure mix, insufficient attention is given to outcomes of interest and mechanisms for neighborhood effects, right from policy formulation to implementation and evaluation.

Policymakers and practitioners would do well to question the easy adoption of policy trends and conventional wisdoms, remembering that although “process success” is valuable within policy communities it is not the same thing as “programme success” in the real world (McConnell, 2010). The effects of mixed-tenure policies involve a great deal of context-related variability. To properly understand this variability, and to be able to tailor policy implementation accordingly, requires a greater acquisition and use of available evidence through systematic reviews of research findings and through consultations with and the use of expert panels. In this way, practitioners might be able to adjust orthodoxy to suit the circumstances in which it is to be pursued.

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## **Commentary**

*These comments relate to the articles in this Cityscape symposium by Levy, McDade, and Bertumen, by Keller et al., and by Kearns et al.*

# **On Spatial Solutions to Social Problems**

**James DeFilippis**  
Rutgers University

One of the persistent themes in the history of housing policy in the United States is that we almost never *do* housing policy for its own sake; that is, to provide or ensure the provision of “a decent home and suitable living environment” (to borrow the famous language from the 1949 Housing Act<sup>1</sup>) for all people. Instead, housing policy has long been about using housing for other purposes, such as limiting the potential for political unrest in the tenements during the Progressive Era’s reforms or absorbing surplus labor in the Great Depression with the initiation of federal public housing in 1937. In this way, the current emphasis on mixed-income housing fits into a long and not particularly glorious history. Mixed-income housing also fits into another, and comparably inglorious, history: that of trying to solve social problems by way of spatial solutions. In this brief commentary, I will discuss the goals of poverty alleviation and socioeconomic interaction and the failures of mixed-income housing policy to achieve its nominal goals.

## **Poverty Alleviation**

A central theme in, and justification for, mixed-income housing has always been its potential role in poverty alleviation. I am thus heartened by the recognition from Diane K. Levy, Zach McDade, and Kassie Bertumen that, after their exhaustive review of the evidence thus far, mixed-income housing does not reduce poverty. Furthermore, the useful (for reducing poverty and increasing incomes) things within mixed-income housing developments are services and interventions that could be implemented regardless of mixed-income housing. As Levy, McDade, and Bertumen put it, “If poverty alleviation is the primary goal, however, the path to it does not appear to require mixed-income living.” In this, the authors echo Joseph and his colleagues’ conclusions of several years ago from their meta-analysis of the evidence (see Joseph, 2006; Joseph, Chaskin, and Webber, 2007). Simply, very little evidence indicates that living in mixed-income housing increases the earnings or wealth of poor people. This recognition does appear to be the emerging consensus, and I am

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<sup>1</sup> *The Housing Act of 1949*. Public Law 81-71.

glad to see the change in perception. To be clear, I am not glad to see that poor people living in mixed-income developments have failed to realize improvements in their incomes or wealth. I am, however, glad that this view is being acknowledged as the consensus, because it means that perhaps we can finally stop talking about mixed-income housing as a solution to poverty. Because doing so is fundamentally a distraction from addressing the real ways in which poverty reduction happens.

Poverty is not a function of the spatial configuration of poverty. The concentration of poor people in geographic space may well make the experience of poverty worse for some, and it certainly seems to lead to unjust outcomes such as poor quality services, schools, and amenities. But the root causes of poverty within capitalism are the organization of labor markets (and the structure and character of the demand for labor in those markets) and the centrality of wage labor to household income and wealth. Efforts to deal with poverty must, on some level, deal with this reality. At the risk of being overly reductionist, we can thus reduce poverty in one of two primary ways: (1) by transforming the operation of labor markets such that being employed in waged labor means not being poor, or (2) by providing income support to those not in waged labor such that not being employed does not mean being poor.

Theoretically, mixed-income housing does intervene in the operation of labor markets, in two different ways: (1) it potentially increases the social capital of poor people, and (2) it improves the soft skills that employers always say they want from their employees via middle-class role models (of course, employers often say that to mask their discriminatory hiring practices; see Moss and Tilly, 2003). These interventions are modest in the operations of labor markets, however—focusing solely on fairly limited supply-side components of labor markets<sup>2</sup>—and their effects are more apparent than real.

## Spatial Fixes for Sociopolitical Economic Problems

Besides trying to deal with poverty in a roundabout and theoretically and empirically dubious way, space as the solution is a problem. And just as mixed-income housing policy is repeating the story (doing housing policy for reasons other than housing), so too is it mimicking the history of urban planning; a history that is littered with efforts to solve social problems by using a rearranged spatial form. Spatial determinism has been nearly endemic in planning. Ebenezer Howard, one of the definitive figures in the history of urban planning (whose influence is acknowledged by Jim Fraser, Deirdre Oakley, and Diane K. Levy in the introduction to this *Cityscape* symposium) began this process. His anarchist-inspired, revolutionary book *To-Morrow: The Peaceful Path to Real Reform* was about how to fundamentally transform the brutal living conditions for working-class people in late-19th-century England without violent revolution (Howard, 1898). It was rebranded a few years after its initial publication into *Garden Cities of Tomorrow*, and instead of real social reform,

<sup>2</sup> Theoretically, mixed-income developments may lead to significant increases in economic activity (primarily retail) in those neighborhoods. For this increase to yield significant growth in demand for labor, however, it would need to be in places with very little previous economic activity; changing from cheaper retail to wealthier retail does not lead to changes in aggregate demand for labor in a place, and it may not even much alter the mix or quality of the jobs for the workers. I am not sure much evidence suggests that such an increase in economic activity has occurred in too many mixed-income sites.

we got spatial changes and, ultimately, garden suburbs for rich people. This spatial determinism continued with the *Le Corbusier* modernist work that inspired so much of postwar public housing construction; thus the machine for living became the towers in parks and all that. Finally, the current moment has given us the new urbanist designs that will purportedly solve so many ecological, political, and social problems (and have been so central to so much of the HOPE VI—or Housing Opportunities for People Everywhere—housing that has been constructed).

We have seen this movie before; several times. We know how it ends. Spoiler alert: it ends with people a few decades from now deciding on a different spatial solution. They will then ridicule the old solutions, because all good Utopian thinking requires a rejection of what came before. Then they will not actually deal with the social problems. I am being glib here, but the idea that the way to deal with poverty or race or class relations is through a different demographic map and different design is one that really is remarkably similar to so many solutions in the past—solutions that have simply failed to achieve their stated goals.

The spatial component of mixed-income housing is intended to have clear implications for the relations between groups. That is, the proximity is intended to lead to interactions and observations that help poor people; that is, improve and increase the social capital of poor people. It is unclear whether this increase ever happens—and the evidence from the articles by Levy, McDade, and Bertumen, by JoDee Keller, Janice Laakso, Christine Stevens, and Cathy Tashiro, and by Ade Kearns, Martin McKee, Elena Sautkina, George Weeks, and Lyndal Bond further suggests that it does not. When thinking about why it does not happen, I have often been reminded of intergroup contact theory. Allport (1954) had a set of criteria for when contact between groups could reduce prejudice and produce meaningful intergroup interactions. The first criterion he had was that the groups have equal status. I have also been reminded of the tradition of community studies from the 1950s to the early 1970s within sociology. Writing at the tail end of that period and surveying what research had been done and what had been learned from it, Tilly (1973) famously asked, “Do Communities Act?” He also had three main criteria for when people in communities were likely to come together and act. His first criterion was “when communities are homogenous with respect to the main divisions of power at the regional or national level” (Tilly, 1973: 213).<sup>3</sup>

I mention these research traditions because we have allowed a very ahistorical and ageographic understanding of space and its role in social cleavages to take hold. We have viewed poverty reduction through the lens of the postwar city-versus-suburb divide (and the poor-versus-rich and Black-versus-White dichotomies that are so often piled onto city versus suburb in American social science). This has led us to simply overstate the significance of space in the production of social relations, processes, and divisions. Space may divide groups, but little reason exists, either theoretically or empirically, to believe that geographic proximity leads to greater equity, understanding, or even interaction between groups in society. Southern U.S. cities, after all, have long had lower

<sup>3</sup> I recognize that intergroup contact theory is about reducing prejudice and increasing social understanding, and Tilly was primarily focusing on collective action within communities as places. Thus, neither one is a direct match with mixed-income housing. Both, however, contribute to the larger understanding of dynamics between social groups and in urban space. Both also remind us that we should not expect much when both tenure and class are different between market-rate renters or owners and affordable-housing renters or owners.

rates of racial segregation than Northern U.S. cities (see Denton, 2006), but this has hardly suggested the absence of racism or White privilege in Southern U.S. cities. And Manhattan Island has far less geographic distance between rich and poor than most American metropolises (if for no other reason than its compact size), and yet it has income inequality worse than any other city in the country; inequality that rivals that in Namibia or Sierra Leone (Roberts, 2012). In both of these cases, the relative absence of spatial separation has been a function of the strength and durability of the social divisions in question. And in both cases, nothing about proximity bridges those divides or enables those on the losing end to gain anything.

We need different maps; more precisely, we need our maps to convey different realities. One of the principal components of racial and economic justice is a very different set of spatial processes and spatial outcomes in our cities, and these efforts must include race- and class-integrated neighborhoods. But that new cartography must be created as part of the social processes of struggling for racial and economic justice. We cannot create a new cartography and then expect the social outcomes to simply emerge from the new spatial form. The gaps between groups are simply too great to be bridged by a new geography alone. Even if we seem as yet unable to break the mixed-income orthodoxy, I am glad to see that we are finally recognizing this.

## Author

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## **Commentary**

*These comments relate to the articles in this Cityscape symposium by Levy, McDade, and Bertumen, by Keller et al., and by Kearns et al.*

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# **Mixing Policies: Expectations and Achievements**

Hilary Silver

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This symposium offers a wide-ranging critique of the often unspoken assumptions underlying social mixing policies. The rubric is very broad and consequently, mixes mixing policies, so to speak. The articles address racial and ethnic diversity, income mixing, and tenure mixing at different scales—buildings, housing developments, and neighborhoods—in two different liberal welfare states, the United States and United Kingdom.

This breadth poses the danger of conflating some different subjects, so I will begin by making some distinctions. Then I revisit a key assumption underlying all these mixing policies, namely, that spatial proximity breaks down social distance. The evidence masterfully reviewed in this symposium by Diane K. Levy, Zach McDade, and Kassie Bertumen shows that it does not, challenging what Ade Kearns, Martin McKee, Elena Sautkina, George Weeks, and Lyndal Bond refer to in their article as the mixed-tenure policy “orthodoxy.” Everyone seems to agree that the built environment of mixed-income developments is an improvement from public housing, but that poverty and social relations have not improved. Attractive, accessible, and safe public spaces are facilitating, if insufficient, conditions for social interaction across class and racial boundaries.

The mixing policy persists despite the evidence. Fortunately, in the process of evaluating mixed-income housing programs, we have learned that community building should be part of housing policy. This lesson has implications for the President Barack Obama Administration’s comprehensive neighborhood initiatives, as we begin the next generation of government attempts to disperse, mix, and improve the lives of poor people.

## **Some Distinctions**

The term “social mix” is ambiguous and can refer to diversity of many different kinds, in different proportions, at different geographical scales. “Mixing,” as Kearns et al. note, may signify physical proximity or social interaction. If the latter, it varies by context and social distance. Mixing at one point in time may not be sustained. The motives for mixing range from crime reduction to poverty alleviation to property value appreciation. Mixing can be achieved through a number of mechanisms.

The two empirical articles under discussion here refer to different kinds of mix. The Scottish estates mix tenure. Kearns et al. acknowledge that, “tenure mixing is not guaranteed to deliver substantial income mix.” In the United Kingdom, people with the same income may own their homes or rent council housing. Diversity also becomes visible on different scales. The newly constructed houses are physically distinct in two of the Glasgow, Scotland estates as well, visibly marked off on the periphery from the rentals. By contrast, the original Tacoma, Washington development was ethnically mixed, with immigrants and refugees living alongside African Americans and Whites. The income mixing in the new Housing Opportunities for People Everywhere (HOPE VI) project could not restore the previous mixing across social lines.

These differences in emphasis reflect broader national differences in housing policies.<sup>1</sup> In spite of the centrality of the so-called American Dream, tenure distinctions play a much greater role in British housing policy and scholarship. Council housing long preceded American public housing historically, became a much larger share of the total stock, and is more salient in national politics and class relations. Indeed, renting as opposed to owning even predicts how one votes far more in the United Kingdom than the United States. The UK tenure mix changed partly through the Right to Buy program, turning council tenants and housing associations into owners but without moving residents or disrupting the community. Kearns et al. report very little turnover in the Glasgow estates. Unlike in the United States, however, racial or ethnic concentrations do not raise much concern in multicultural Britain. In the Netherlands, by contrast, the fear of creating ethnic ghettos led to a prohibition on concentrating the unemployed or low-income households in rental housing of certain neighborhoods (van Eijk, 2010).

Racial or ethnic mixing, or desegregation, is a central policy concern in the United States. The 1968 Fair Housing Act<sup>2</sup> has been notoriously inefficient in reducing U.S. racial segregation, which has declined at a glacial pace. Audit studies continue to reveal discrimination in the housing market. By concentrating on concentrated poverty, Wilson (2012/1987) may have deflected political attention from the continuing spatial separation of African Americans and Whites, even within the middle class, but it persists nonetheless. Americans know income mixing has racial undertones. Indeed, most residents of the public housing demolished in the United States were African American (Goetz, 2010). Unfortunately, the slow decline in racial segregation is accompanied by greater income polarization in American metropolitan areas (Reardon and Bischoff, 2011). Mixed-income housing policies are bucking the tide.

## Mixing Mechanisms

The mechanism that policymakers select to achieve social mixing also matters considerably (Chaskin and Joseph, 2011; Galster, 2007). Social mixing can result from dispersing the poor,

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<sup>1</sup> British scholars point to U.S. housing policies as the origins of “neoliberal” approaches to urban revitalization. For example, New Labour drew on HOPE VI for its New Deal for Communities policy, claiming that the segregation of areas by owner occupation versus renting “led to social polarization and social exclusion” (Lees, Butler, and Bridge, 2012: 5). Both countries demolished large public housing projects. The British influences on Obama’s urban policy have been overlooked, however. For instance, taking a page from Tony Blair’s playbook, candidate Barack Obama’s 2007–08 platform committed his administration to “eradicating poverty,” pledging that, “working together, we can cut poverty in half within 10 years” (Tough, 2012).

<sup>2</sup> 42 U.S.C.A. §§ 3601–3631 is also Title VIII of the Civil Rights Act of 1968.

minorities, and tenants, on the one hand, or from attracting more affluent households to areas of concentrated poverty, on the other. Dispersing the poor can be more or less voluntary. Some low-income residents may flee from dilapidation or crime if offered the opportunity. As JoDee Keller, Janice Laakso, Christine Stevens, and Cathy Tashiro illustrate in Tacoma, however, displacing low-income families by demolishing their entire development also disrupts communities. Too often, it is erroneously assumed that there are no organizations in public housing (for an exception, see Small, 2004), but in fact communities in addition to Tacoma's bitterly resisted the razing of their projects, the only homes they ever knew (Venkatesh, 2002).

Since 1994, HOPE VI has demolished more than 500,000 public housing units, or 20 percent of the stock in the United States. Only 100,000 replacement units were built and of those, only one-half are subsidized for very low-income families. Therefore, HOPE VI may have mixed income levels in the new units where public housing once stood, but it displaced even more of the previous tenants to other poor neighborhoods, resegregating them elsewhere. Previous tenants are sent off with housing choice vouchers to rent from private landlords who deign to accept them; some evidence from Wisconsin suggests long-term, but not short-term, improvement in the neighborhood quality of voucher movers and some perverse effects on employment and earnings (Haveman, 2013). The multisite Moving to Opportunity (MTO) demonstration evidence shows that not too many poor families with vouchers stayed in low poverty neighborhoods (Briggs, Popkin, and Goering, 2010; Turner et al., 2011). Rather, as in Chicago, "While residents' current neighborhoods are relatively better than their original developments, most are still very poor with large African American populations ... many families appear to still lack stable housing, moving relatively often with no perceptible improvement in housing or neighborhood quality, [and] continue to experience serious material hardship" (Burton, Hayes, and Hailey, 2013: 4). Given that "Moving Three Times Is Like Having Your House on Fire Once" (Manzo, Kleit, and Couch, 2008), however, most displaced public housing tenants do not return to the new HOPE VI buildings or their original neighborhoods (Chaskin and Joseph, 2011, 2010; Goetz, 2003; Joseph and Chaskin, 2010). It is not just because of the hassle. In Tacoma, some residents could not return because they earned too much for the subsidized units and too little to qualify for a mortgage to buy one at market rate. Other families may be screened out by stringent rules. Considerable evidence suggests that HOPE VI severed existing social networks, instrumental helping relationships, and institutional supports in public housing developments, without reknitting social capital in the new mixed-income communities for the small percentage of tenants who moved back (Clampet-Lundquist, 2004; Curley, 2010; Goetz, 2010).

A second mechanism of mixing is the attraction of working- and middle-class households to poor neighborhoods, where they receive incentives to live with former public housing tenants. The newly constructed HOPE VI units are designed to please this market. The only low-income households allowed to live in the new mixed units have to deserve it. They are intensively screened and monitored. Managers consider this necessary to reassure potential middle-class residents.

Normally, when higher income households move into lower income neighborhoods without public intervention, it is called "gentrification." This apt label explains why the British literature sometimes calls mixing policies state-led gentrification or gentrification by stealth (Bridge, Butler, and Lees, 2012). State-led demolition of social housing uses eminent domain to further real estate interests. The stealthy aspect is that any initial social mix, critics maintain, is unsustainable. Either

the more advantaged residents leave or they take over. Low-income households are eventually displaced or at least disempowered. In the American context, critics of mixing point to White flight or African-American displacement. Racially integrated neighborhoods are less stable over time when compared to segregated White and African-American neighborhoods (Ellen, 2000; Ellen, Horn, and O'Regan, 2012).

A third mechanism to create mixed-income housing is not considered in these articles. Some contend that social mixing policy is one sided because it is rarely advocated for socially homogeneous affluent neighborhoods, only homogeneous poor ones (Lees, Butler, and Bridge, 2012). Inclusionary zoning policies, aided by allocations of low-income housing tax credits, are starting to mix the American suburbs, however. Inclusionary zoning integrates municipalities that have long used land use controls to exclude affordable housing and thereby, poor residents. Contrary to conventional wisdom, a recent assessment of the impact of the Mt. Laurel, New Jersey decisions that mandated inclusionary zoning of affordable housing finds few if any negative impacts of socioeconomic integration on property values, property taxes, or crime (Massey et al., 2013). Ground zero for most of the discussion in this symposium is project-based low-income public housing, but starting the analysis of mixing from single-family, owner occupied suburbs calls attention to the fact that diversity and mixing may be accomplished at varying scales. Inclusionary zoning often operates at the state level, below the radar.

## **Expectations and Achievements: Spatial Proximity Versus Social Mixing**

Despite these distinctions among types and mechanisms of mixed housing, they all rest upon a few common assumptions. At least since the first urban renewal programs, planners and architects have shared an article of faith in social engineering or environmental determinism. This faith implies that if we can only build the right kind of housing and design the right kind of neighborhoods, we can end poverty and all get along. A second related assumption is a sort of Anglo-American liberal expectancy that the things that divide groups will become less salient and important over time if only reason prevails. Education, communication, and modernization will wear differences away. Integration and diversity are enriching, according to liberal pluralism, as long as neighbors do not take their differences too seriously. Third, the expectation that mixing will increase positive interaction and tolerance rests on the familiar social psychological contact hypothesis. Allport's (1954) intergroup contact theory held that, over time and under conditions of equal status and cooperation towards shared goals, interpersonal contact and communication reduces prejudice.

Contrary to these optimistic assumptions, the vast bulk of evidence shows little interaction across income or racial groups in mixed developments or neighborhoods. Policies of social mix are different from support for social mixing or social inclusion (Lees, Butler, and Bridge, 2012). In mixed housing, the middle class stigmatizes and avoids the poor who in turn feel disrespected and withdraw from community life, keeping a low profile, protecting their privacy from heightened surveillance, and worrying about losing eligibility by getting into unexpected trouble. Without exceptional conditions, integrated neighborhoods produce interracial friendships of a superficial quality at best (Britton, 2011). Withdrawal and isolation may just as easily result. Low-income residents in three

mixed-income developments in Chicago felt that, while the stigma associated with living in public housing was reduced, they experienced new stigmas, heightened scrutiny, and negative responses from higher income residents (Joseph and Chaskin, 2010; McCormick, Joseph, and Chaskin, 2012). On both sides of the Atlantic Ocean, little social mixing occurs among higher and lower income people in redeveloped mixed communities. In London, for example, gentrifiers in new housing built along the Thames River had little interaction with the previous residents (Davidson, 2010).

Of course, we have long known that physical proximity alone does not guarantee good social relations. In fact, forcing diverse groups into close proximity may provoke avoidance and invidious distinctions, if not conflict (Chamboredon and Lemaire, 1970; Elias and Scotson, 1994; Gans, 1961; Goodchild and Cole, 2001). As Putnam (2007) and others discovered, rather than contribute to trust and community participation, ethnic diversity may produce discord. Keller et al. rightly remark that living with people who have different lifestyles and types of households can as easily produce conflict as understanding.

Mixed-income housing is also supposed to do more than just build intergroup relations, however. It should reduce poverty. Spatial mobility—escaping the “neighborhood effects” of concentrated poverty and the spatial mismatch isolating the poor from jobs—was supposed to increase social mobility (Haveman, 2013). This assumption was a foundation of MTO (Sampson, 2012). In theory, the social mix would give low-income residents access to middle-income resources, such as job contacts and information and mainstream norms and values. Even if low-income residents do not develop friendships with residents of other income classes, they can benefit from passive observation of respectable behavior. Joseph, Chaskin, and Webber (2007) offered a helpful list of ways that mixed-income neighborhoods are supposed to help poor families. Their evidence suggests that low-income residents may enjoy a higher quality of life through greater informal social control and access to higher quality services, but not that social interaction, networks, or role models will improve the socioeconomic status of low-income residents. Levy, McDade, and Bertumen’s article confirms the conclusion that mixed-income housing is not an efficient way to reduce poverty.

Obviously a more direct way to reduce poverty with housing policy would be to make low-income housing subsidies universal. If means-tested housing vouchers were distributed like the Supplemental Nutrition Assistance Program (food stamps), we could certainly improve the standard of living of poor families. That is not going to happen any time soon.

Kearns et al. argue that middle-income groups can only transmit desirable values, norms, and resources to lower income groups if the income gap among residents is not too large. On even the more spatially integrated estate in their study, however, cross-class social interaction was scarce and the community did not connect the way it previously had. The authors report that managers and others responsible for mixed-income housing found the social and economic impacts wanting, yet they still adhered to the overall philosophy of mixing. The informants did feel that local amenities and infrastructure—schools, shops, family centers, and recreation facilities—had improved, thanks to the additional resources that redevelopment brought. Resident involvement in community governance was limited, however.

The singular emphasis on spatial mixing downplays the specific needs and interests of low-income tenants (Berry, 2005). The U.S. Department of Housing and Urban Development (HUD) mandates

participation of residents in policymaking, but the extent and mechanism for that participation is vague. One study of a HOPE VI project in Phoenix, Arizona, found that the participation of dispersed tenants in planning the redevelopment was minimal, and that in the wake of demolition, an organization was needed to protect their rights to involvement in making the new place (Lucio and Wolfersteig, 2012). Rebuilding community takes more than coresidence.

Although many assumptions underlying social mixing policies are erroneous, spatial proximity still enables social relations. Thoughtful design of common spaces—lobbies, laundry rooms, elevators, benches, and pathways—can increase the probability of chance encounters and the formation of informal relations in the neighborhood (Kleit, 2005). Local facilities and public spaces, such as parks, libraries, and recreation facilities, are strong predictors of trust, norms, and reciprocity—social capital—among neighbors (Curley, 2010). Formal institutions can encourage or dissuade friendships and neighboring. One study of a mixed-income housing community in Boston found that the private management company discouraged interaction through rules, social signaling, and explicit communication (Graves, 2010). Conversely, the community center, the local school, the management office, local coffee shops, and so on provided spaces in which to conduct more purposive interaction and build formal associations. Keller et al. remark on the diminished sense of community among the low-income residents who returned to the HOPE VI mixed-income development in Tacoma because of the layout of common areas. Levy, McDade, and Bertumen suggest that, to increase participation in community across income lines, it helps to give people common places and a reason to cooperate in them. Those reasons may be children, old age, or other demographics or lifestyles (Varady et al., 2005), or they may unite around practical community affairs. Keller et al. remind us that a common concern like crime prevention or institutions like churches, senior activities, and community centers can unite neighbors across class and ethnic lines.

## Contemporary Housing Policy

Having discussed how community building in mixed housing matters, I turn finally to contemporary American housing policy. One might have thought that the Obama Administration would have seen the bottom line of the HOPE VI and MTO evaluations and concluded enough is enough. Instead, confirming the orthodoxy, HUD forged full steam ahead into the Choice Neighborhoods (Choice) initiative. The Choice initiative is presented as the new and improved successor to HOPE VI. Choice neighborhoods are supposed to reknit new housing into broader communities. The goals of the participating partnerships extend far beyond housing, aiming to improve the life chances of residents and community members and to reestablish the neighborhood “as a community of choice”—that is, attractive to the middle class.<sup>3</sup>

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<sup>3</sup> The White House Office of Urban Affairs touts the Choice initiative as providing “local leaders with flexible funds to transform high-poverty neighborhoods with distressed public housing into sustainable communities with mixed-income housing, safe streets, and economic opportunity. Choice Neighborhoods is one of the signature programs of the White House Neighborhood Revitalization Initiative, which supports innovative, holistic strategies that bring the right partners together to help break the cycle of intergenerational poverty.” See <http://www.whitehouse.gov/blog/2012/01/10/building-neighborhoods-opportunity>.

Choice has three core goals.

- 1. Housing.** Replace distressed public and assisted housing with high-quality mixed-income housing that is well managed and responsive to the needs of the surrounding neighborhood.
- 2. People.** Improve educational outcomes and intergenerational mobility for youth.
- 3. Neighborhood.** Create the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets, including safety, good schools, and commercial activity, that are supposedly important to families' choices about their community.

The dozen or so Choice neighborhoods already selected for implementation are not simply rebuilding or rehabilitating public housing and adding considerable numbers of new mixed-income units. They are also introducing or improving neighborhood services—health clinics, childcare centers, schools, police, recreation facilities, even commercial districts—and providing better transportation connections to employers. To create synergy, some of these sites are leveraging Promise Neighborhood funds too, stitching together small pots of money from the Department of Education, HUD, and other agency silos to intensify cooperation within small confined areas. Some 42 Choice planning grants were also distributed. In December 2012, HUD awarded \$231 million in Choice implementation grants. Not all the lead agencies were housing authorities; some were community development corporations eager to build new workforce units. Planning groups include a wide range of “stakeholders”—local leaders, residents, public housing authorities, cities, schools, police, business owners, nonprofits, and even private developers. Their plans go beyond subsidized or mixed housing to improve collective neighborhood assets.

It is hard to remember that, back in the depths of the “Great Recession,” candidate Obama pointed to the isolation of the inner-city poor and, in a nod to Wilson (2012/1987), promised Promise Neighborhoods “to replicate the Harlem Children’s Zone in 20 cities across the country.” Today, Promise Neighborhoods, like Choice neighborhoods, are “a small item tucked away in the discretionary budget of the Department of Education” (Tough, 2012). Both programs are now subsumed under the administration’s Neighborhood Revitalization Initiative, an interagency “place-based approach to help neighborhoods in distress transform themselves into neighborhoods of opportunity.”

Starved for funds by the depressed economy and a recalcitrant Congress, President Obama’s urban policy is in fact found less in the federal agencies than concealed in the macroeconomic stimulus and infrastructural investments (Silver, 2010). That neo-Keynesian intervention may be coming to an end. In 1937, President Franklin Delano Roosevelt inaugurated the American public housing program with the aim of reducing unemployment as well as blight. In early 2013, President Obama relaunched his appeal for renewing America’s public school buildings, roads, and bridges, on which American cities—and jobs—rely. If public works of this magnitude are funded in this time of fiscal austerity, they would do a lot more to reduce poverty than the construction of mixed-income housing.

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# Making Mixed-Income Neighborhoods Work for Low-Income Households

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## Abstract

Mixed-income housing policies such as *Housing Opportunities for People Everywhere*, or HOPE VI, are an outcome of historical processes that have limited the scope of subsidized public housing in America, leading to disinvestment in government housing programs in favor of reinvestment in market-based solutions. The underlying assumption has been that reinvestment deconcentrates poverty and addresses other perceived failures of traditional public housing. Although they provide some benefits to lower income residents, such initiatives have not produced many of the outcomes for which their advocates had hoped. The goal of this article is to reinvigorate the conversation about how, and if, mixed-income housing policies can be implemented in ways that work with and for the benefit of low-income populations. The article draws on literature about public housing and mixed-income development to posit ways that mixed-income initiatives might be combined with other programmatic efforts to foster upward trajectories for those experiencing poverty and to create public housing environments where people can thrive in all aspects of their lives. In the final section, we reimagine mixed-income housing in ways that could result in more inclusive communities—a reimagination that we suggest may better meet the original goals of such programs without dismissing the inherent limitations of solving entrenched poverty.

## Introduction

The goal of this article is to reinvigorate the conversation about how, and if, mixed-income housing policies can be implemented in ways that work with and for the benefit of low-income populations. In part, this effort is motivated by the more critical treatments of mixed-income development that fundamentally challenge this agenda toward city building as incapable of achieving both place-based and people-based goals. These critiques suggest that, rather than achieving balanced development that effectively addresses the problems of concentrated urban poverty, mixed-income development schemes are more properly seen as veiled efforts at gentrification, appropriating inner-city neighborhoods with renewed market value for development that disproportionately benefits capital interests and the middle class. In light of these critiques, we ask: Can the twin goals of improving neighborhood conditions and assuring opportunities for low-income people be simultaneously realized? How can mixed-income initiatives be combined with other policy instruments to address poverty in a more holistic manner? What types of community are possible in a mixed-income environment?

In cities across the United States, public housing developments and entire neighborhoods have been sites for mixed-income and mixed-tenure initiatives aimed at transforming urban areas. Proponents of these policies frame mixed-income housing as a route toward building better neighborhoods that will promote poverty amelioration by supplying low-income, “workforce,”<sup>1</sup> and higher income housing products to attract socioeconomic mix (Cisneros and Engdahl, 2009). Alternatively, opponents frame mixed-income housing development as a tool for gentrification founded on the displacement of low-income populations from target neighborhoods under the banner of poverty deconcentration (Bridge, Butler, and Lees, 2012; Lees, 2008). A third position is that many mixed-income initiatives might create some neighborhood change and provide some response to urban poverty but that its effects are more modest than either the gentrification-oriented critics or poverty-deconcentration champions suggest (Fraser, DeFilippis, and Bazuin, 2012). These multiple perspectives on the promise and limitations of mixed-income development strategies arise in part because mixed-income policies and programs, although grounded in a recognition of the deleterious effect of concentrated urban poverty and operating from a set of broad assumptions about the potential benefits of income diversity and neighborhood restructuring, lack a coherent intervention model built from a clear theory of change. Instead, they pull together elements of initiatives (neighborhood planning, architectural design, social-service provision, and “community building” strategies) that seek to materialize certain spatial and social imaginaries of what neighborhoods and public housing developments ought to be.

These contemporary imaginaries are based on ideas about how the built environment might engender certain forms of sociality and how certain forms of sociality might produce locality in line with the dominant political-economic mode (that is, welfare capitalism and post-welfare capitalism) and assumptions about civil society (that is, regarding neighborly interaction and associational engagement). Whereas public housing began by housing a “submerged middle-class” of families who were still connected to the formal economy (Friedman, 1966: 646), since the 1960s it has

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<sup>1</sup> *Workforce housing* typically refers to properties that are priced for households earning 80 to 120 percent of the Area Median Income for a city or county.

transformed into a place where incomes are low or nonexistent, rendering it out of sync with the dominant American culture that stresses employment as a prerequisite for exercising citizenship rights such as access to subsidized housing. It is not surprising that the sociological theory of concentrated poverty leading to social pathology (for example, Kasarda, 1990; Wilson, 1987) has been applied to housing policies, most notably the U.S. Department of Housing and Urban Development's Moving to Opportunity and Housing Opportunities for People Everywhere (HOPE VI) programs. Deconcentrating poverty is a central component of both these policies. Although both programs seek to relocate households to higher income neighborhoods, the HOPE VI program has also razed 254 public housing developments and rebuilt them as mixed-income communities. Research to date has not provided much evidence that living in a mixed-income environment alone propels people out of poverty and into the workforce (Chaskin et al., 2012) or breaks down social barriers (Brophy and Smith, 1997; Buron et al., 2002; Chaskin and Joseph, 2011, 2010; Graves, 2010; Kleit and Manzo, 2006; Tach, 2009). Employment or participation in an educational program has nonetheless become a requirement for working-age adults to gain entry to these new developments (Popkin, Levy, and Buron, 2009).

This article draws on literature about public housing and mixed-income development to posit ways that mixed-income initiatives might be combined with other programmatic efforts to foster upward trajectories for those experiencing poverty and to create public housing environments where people can thrive in all aspects of their lives. Since its inception, public housing has been proffered as some version of a safety net or, more negatively, as housing of last resort (Henderson, 1995). The ideological frames that lie behind these orientations present poverty as a temporary and individual issue, the remedy for which is acquiring the requisite skills to reenter the workforce and move back into private-sector housing. We think this individualist focus is a mistake. Structural factors—from the shifting nature of economic opportunity (and constraint) under global capitalism to the enduring effects of racism and racial inequality and the uneven distribution of quality public goods like education—fundamentally shape individuals' experiences of poverty and their access to avenues out of it.

In its early incarnation, the government designed public housing to provide a safety net for people who were made (temporarily) surplus by the capitalist system (Vale, 2000). Today, the housing safety net relies largely on market actors and public-private partnerships. Most people who receive housing subsidies are part of the Housing Choice Voucher Program, which provides the private sector with guaranteed rents for workers with insufficient wages to move into the private sector without state support (Vale and Freemark, 2012). As Nguyen, Rohe, and Cowan (2012: 461) pointed out, project-based public housing developments have faced "substantial cutbacks of federal funds for housing and the adoption of neoliberal housing policies, [with] many local public housing agencies [turning] to social entrepreneurs to maintain their existing housing."

In recent times, the most significant transformation in the delivery of public housing is the HOPE VI program. Descriptions of the program may be found elsewhere (Abravanel, Levy, and McFarland, 2009), but a brief summary is that it aims to accomplish four primary goals: to (1) improve housing conditions by providing reinvestment in the public housing stock; (2) provide safe, decent housing for people who cannot provide it for themselves; (3) move people away from dependence and toward independence by facilitating entry into private job and housing markets; and (4) stabilize

and improve the neighborhoods in which HOPE VI complexes are located. To accomplish these goals, the HOPE VI model has relied heavily on developing public-private partnerships for financing, management, and other aspects of the program.

Many observers in academic and policy circles consider HOPE VI a success; public-private partnerships have been forged, blighted housing has been replaced with attractive mixed-income developments, and poverty has been reduced at the redeveloped sites (Cisneros and Engdahl, 2009). Important critiques of HOPE VI, however, center around the rationale used for tearing down housing that might have been renovated and the forced displacement of tens of thousands of people who never returned to the redeveloped sites (DeFilippis and Fraser, 2010; Goetz, 2012a). Goetz (2012b) examined three discourses about public housing that have legitimated its demolition: (1) the pathologizing of public housing, (2) the proposition that neighborhood effects of concentrated poverty create social ills, and (3) the notion that public housing is simply obsolete. The discourse of public housing as obsolete refers to the buildings being outdated and in disrepair but also to “outdated notions of government control and direction that are embedded in the public housing program” (Goetz, 2012b: 3). The discourse of obsolescence not only puts forth a description, but it is also performative in the sense that it suggests that the state cannot produce adequate housing, which is the appropriate domain of the private sector. As a performative act, the discourse of obsolescence legitimates state withdrawal from providing public housing and, in its place, makes the claim that something essential about the private sector—its efficiency and flexibility—makes it superior. In this way, the cutbacks of federal funding for and the privatizing of public housing seem logical and appealing.

The private sector has not been a good steward of public housing, however, in part because the real estate interests that comprise the sector are not legally compelled by the state to perform a public function. This condition renders the provision of adequate amounts of low-income housing a likely unattainable goal; the private sector may choose to participate in developing affordable housing, but it rarely does so unless the state provides deep discounts. Indeed, the number of vacant housing units in the United States would easily house most U.S. citizens, but citizenship rights to housing are eschewed by the private sector and not supported by the U.S. government.

Private interests have substantially shaped the state’s position on public housing (Hunt, 2009; Vale, 2000). One need only review the history of debates on public housing to glean the private sector’s attempts to stop the state from entering into what the National Association of Real Estate Brokers (NAREB) claimed was its domain. During the 1930s, NAREB launched a campaign that skillfully linked homeownership to nation building and forcefully promulgated the message that public housing was “a dangerous socialist experiment which threatened free enterprise and the traditional American values of government” (Parson, 2007: 17). This campaign was taken to cities across the country to speak out against government-owned public housing, reiterating to people that homeownership was the hallmark of American “exceptionalism” and individualism (Gotham, 2002; Vale, 2000; Williams, 2003).

This campaign constituted the context within which public housing developments were built after the Housing Act of 1937,<sup>2</sup> and it is arguably still operative today. Not long after the Act was

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<sup>2</sup> The Housing Act of 1937. Public Law 75–412.

passed, “[a] growing number of anti-New Deal politicians elected to Congress between 1938 and 1942 cut off funding for the public housing program. … During World War II, Congress funded housing for defense but banned its use for low-income households. Not until the passage of the Housing Act of 1949 did Congress authorize any more public housing” (Von Hoffman, 2000: 303).

Throughout the 1950s, real estate interests continued to affect public housing policy through the enforcement of income limits that radically changed the population composition of developments. During this era, any semblance of public housing being mixed by incomes faded. Pressure from real estate interests, rapid suburban housing growth, and the introduction of public housing policies (such as income-based rents) that targeted those with very low or no incomes dramatically reshaped the public housing landscape. As Friedman (1966: 651) put it, public housing “was relegated to the permanent poor in the city … [and] was exclusively for those who were certainly, indisputably, and irreversibly poor.”

Simultaneously with the exodus of higher income and White residents from many inner-city public housing developments in large cities, racialized images of public housing as a breeding place for social ills began to shape the American imagination. In a study of media portrayals of public housing between 1950 and 1990, Henderson (1995) found that—

The “implied messages” embedded in public housing photographs were fairly clear by the late 1960s: welfare-dependent African-Americans subverted the objectives as well as the actual structures of public housing. While these images were probably part of a broader trend that witnessed increased depictions of African-Americans in the popular press during the late 1960s, they nevertheless advanced stereotypes that demeaned both public housing and those who lived in it. (Henderson, 1995: 27)

Critiques of public housing were manifold, from pointing toward the atomizing effects of large-scale housing projects like Pruitt-Igoe in St. Louis (Yancey, 1974) to less sympathetic attacks that condemned public housing tenants as being problem families associated with an internal “culture of poverty” that was transmitted from generation to generation. Henderson continued—

During the late 1960s and throughout the 1970s, the popular press perpetuated the almost entirely negative image of public housing that had emerged in the mid-1960s. This image was maintained by using stark visual imagery and simplified explanations of complex and often ambiguous policy issues. One of the period’s dominant motifs was that public housing re-created rather than eliminated slums. (Henderson, 1995: 40)

These images continually reappeared in press coverage during the 1970s through the 1980s, a period when Congress did not appropriate enough funds for the maintenance of public housing developments and passed legislation that unintentionally created large gaps between tenant rents and maintenance and operation costs for many public housing authorities (Fraser, Oakley, and Bazuin, 2012).

Vale and Freemark (2012: 382) summarized the different periods of public housing as an initial 25-year period of accommodating “the upwardly mobile working class between 1935 and 1960, and thereafter the worthy elderly”; 30 years of “consolidation of the poorest into welfare housing between 1960 and the mid 1980s, coupled with efforts to introduce direct private sector

involvement in public housing and other programs”; and, since the late 1980s, an effort “to return more of public housing to a less-poor constituency, while furthering growth in other kinds of both deep and shallow subsidy programs through mixed-finance projects and tax-code intervention.” Many scholars view recent changes to public housing policy like the HOPE VI program, which has mixed-income housing as a central feature, as an ideological shift back to the initial role public housing played; that is, to house an upwardly mobile, “submerged” middle class alongside those who are experiencing greater poverty but have employment (Fraser, Oakley, and Bazuin, 2012; Heathcott, 2012; Nguyen, Rohe, and Cowan, 2012; Vale and Freemark, 2012). The next section provides a brief overview of the challenges posed by establishing mixed-income developments under policies like HOPE VI.

## Mixed-Income Housing and Its Discontents

Before exploring the challenges of mixed-income development approaches to public housing reform, it is crucial to note that public housing throughout its history has endured ideological, political, economic, and cultural factors that have worked against it. In particular, the emptying out of central-city neighborhoods near public housing complexes in the 1950s and 1960s and racial discrimination intersected to promote the enabling conditions for representations of, and attitudes toward, public housing that were deeply disadvantaging to public housing residents. With the onset of the Nixon Administration in 1969 and the 1973 oil crisis, the operating and maintenance budget subsidies received by public housing authorities from the federal government began to shrink. During the 1980s, public housing declined because of depreciation of the housing stock and became a signifier for social pathology. Given these circumstances, it is not surprising that, notwithstanding, the specter of “the projects” haunts public housing authorities. It is also not surprising that most HOPE VI developments follow a relatively conservative path, having had to adapt to the devolution of responsibility for raising operating and maintenance costs for their housing stock (Kleit and Page, 2012). In addition, although the evidence is insufficient to claim that institutional isomorphism exists among housing authorities, since the 1980s, the trend of public housing authorities becoming hybrid organizations that seek out private capital for investment in their portfolios is certainly growing (Nguyen, Rohe, and Cowan, 2012). Speaking about public housing authorities’ strategies to become solvent by relying heavily on low-income housing tax credits (LIHTC), Kleit and Page (2012: 15) concluded that even “with the combination of LIHTC and vouchers, pressures to break even as an organization while meeting federal requirements for a portion of their units can make the arrangement barely sustainable.” The consequences of this move toward hybridization or privatization of housing management and units, respectively, can be an issue. As Kleit and Page (2012: 5) further suggested, “diversification of an agency’s housing stock can be symptomatic of a retreat from serving very low-income households.” This retreat translates into selective occupancy that is reminiscent of previous phases of public housing (Vale and Freemark, 2012).

HOPE VI and other mixed-income approaches to remaking public housing embrace this trend toward privatization. Although the promotion of mixed-income housing initiatives varies slightly in content, intent, and design, it inevitably comes back to a stylized vision of helping the poor in addition to significant reliance on market-oriented strategies to promote their relocation into

neighborhoods where they can live in proximity to moderate- and middle-income households. Although the theoretical antecedents are more nuanced, this conceptual model is based on the neighborhood effects perspective, which posits that the disadvantaging effects of individual-level poverty are exacerbated when living in highly concentrated areas of poverty, cut off from institutional and relational ties that characterize flourishing communities (Wilson, 1987). Researchers have identified the routes through which mixed-income housing might achieve such outcomes, and social networking figures prominently among them (Joseph, Chaskin, and Webber, 2007). Empirical studies to date, however, suggest that these proposed routes for increasing life opportunities for low-income residents have proven to be elusive, and it is unclear how these residents benefit from the relational, political, and economic resources that higher income households may bring to an area (Chaskin and Joseph, 2011; Levy, McDade, and Bertumen, 2011).

Parallel to these findings, case studies focusing on the everyday realities of residents living in mixed-income public housing developments have found multiple obstacles to building cross-class ties and social networks based on a sense of community (Chaskin and Joseph, 2010; Graves, 2011; Kleit, 2005; McCormick, Joseph, and Chaskin, 2012; Sedlak, 2008; Varady et al., 2005). These empirical findings are not surprising given that HOPE VI neglects any specification on why or how cross-class alliances would emerge. This aspect of HOPE VI has informed arguments that the call for mixed-income housing may actually be a state-led effort to colonize former public housing developments to prepare neighborhoods for market reinvestment (Hackworth, 2005). In Bridge et al., 2012, the central questions about mixed-income housing initiatives revolved around the contention that mixed-income policies may be less about helping people in poverty and more about neighborhood revitalization for the middle classes. Although gentrification occurs around some HOPE VI developments, in many cases it is a protracted, and often unsuccessful, process (Fraser, DeFilippis, and Bazuin, 2012), further complicated by the Great Recession of 2008. Nonetheless, although some initiatives may not be successful at promoting neighborhood revitalization, doing so is a stated goal of the program. One need only look to Chicago and Atlanta to see examples of rapid gentrification around areas that were considered no-go zones during the 1980s (Keating, 2000; Pattillo, 2008). Even in smaller cities, mixed-income development has led to clear instances of dramatic increases in housing values (Bair and Fitzgerald, 2005; Fraser et al., 2003; Voith and Zielenbach, 2010; Zielenbach, 2003).

A growing number of studies have examined the realities of low-income residents returning to redeveloped HOPE VI sites (Chaskin and Joseph, 2011, 2010; Kleit, 2011; Levy, McDade, and Bertumen, 2011). A common starting point for these examinations has been to ask: do mixed-income environments engender meaningful resident engagement across income lines and, if so, does this social interaction effect positive changes in the lives of low-income residents? These studies report that social relations among HOPE VI residents that cross class lines tend to be rare. In addition, although some benefits accrue to low-income residents by virtue of the relative safety and quality of the built environment compared with that of the public housing communities from which they moved, the possibility of promoting access to the social networks and resources of higher income neighbors in ways that might promote instrumental gains, such as access to employment or information about schools, services, or other resources, generate no clear benefits (Chaskin and Joseph, 2011, 2010; Fraser and Nelson, 2008; Kleit, 2011; Tach, 2009).

Multiple case studies find that residents tend to interact with their neighbors based on perceived characteristics in common (Levy, McDade, and Bertumen, 2011), and that, in some cases, “management encouraged social distance between market-rate and subsidized neighbors” (Graves, 2010: 127). Indeed, subsidized renters in mixed-income developments are often the objects of intensified surveillance and discipline, in part because site management is charged with drawing middle-income residents into these developments to capture enough ground rent to offset the costs associated with a devolved public housing program (Kipfer and Petrunia, 2009). Enhanced social control emerges in these contexts, even when little social interaction takes place between residents of dissimilar backgrounds or class lines. The effect of such control is often felt disproportionately by relocated public housing and other low-income residents, whose actions are constrained by the privatization of space and by heightened surveillance and the establishment and monitoring of stringent rules curtailing a broad range of behaviors, access to space, and use of space (Chaskin and Joseph, 2012).

In many cases, disputes around whether residents should have the right to occupy public space are raced, gendered, and classed. For example, studies find that market-rate residents tend to identify young African-American men as a threat simply because they are exerting a right to convene and converse in public space (Chaskin and Joseph, 2012; Fraser et al., 2012). In a sense, this finding should not be surprising, because society at large has a long history of making such identity categories the foundation for direct and indirect discrimination (O’Connor, 2002; Vale, 2000). The regulation of belonging is distinct among differing groups. DeFilippis and Fraser (2010: 144) noted that “for mixing to have a role in making our cities more just, the people being mixed need to be in proximity on their own terms and those terms need some level of equivalence or comparability.” As numerous studies have demonstrated, however, this is simply not the case for the HOPE VI program (DeFilippis and Fraser, 2010). Thus, the broad consensus among those who have studied social networks in HOPE VI developments is that improving the life opportunities of low-income residents cannot hinge on social mixing (Chaskin and Joseph, 2011, 2010; Graves, 2011; Kleit, 2011).

An alternative orientation to how mixed-income housing might operate is needed. Rather than assuming that low-income people will benefit from merely living near more well-off people, research on mixed-income housing initiatives suggests that, to the extent that low-income residents benefit from living in these contexts, it is because of improved housing in a safer place and, in some cases, access to better schools and neighborhood amenities. Moving beyond a principal focus on the potential of mixed-income communities to improve the lives of low-income residents by virtue of their proximity to higher income neighbors, consideration of how mixed-income housing should operate requires attention to strategies that might be put into practice to support low-income residents.

## **(Re)Imagining Mixed-Income Public Housing Developments**

It is apparent that mixed-income housing initiatives alone do not necessarily engender the benefits for low-income public housing residents assumed in policy circles. Although it is not fully acknowledged among advocates of such programs, this shortcoming is in part because of the limitations of housing provision in the context of a much broader range of challenges that people experiencing poverty face. More specifically, the provision of housing is not directly tied to (although it is often dependent on) people being employed, nor does living in a mixed-income environment alone

promote social relations among income groups that foster social support systems and information exchange about employment opportunities. Although some mixed-income development efforts acknowledge the need for broader neighborhood improvements (amenities, commercial activity, public space, and schools), most have back-ended a focus on these aspects of development in an effort to build out the residential components of these developments, to the extent they plan to address them at all.<sup>3</sup> HOPE VI mixed-income housing developments rely heavily on housing as the principal developmental input and on mechanisms of social control to achieve neighborhood quality of life, thus inhibiting resident participation, engagement, interaction, and, ultimately, social cohesion (Chaskin and Joseph, 2010). This can lead to a sense of social isolation and political disenfranchisement for low-income residents in these contexts (Chaskin, Khare, and Joseph, 2012; Fraser, DeFilippis, and Bazuin, 2012; Lucio and Wolfersteig, 2012). In the absence of these aspects of holistic community, active citizenship becomes both formally and informally discouraged, which can lead to conflicts and hierarchies concerning the expectations of how people use space and neighborhood amenities (Chaskin and Joseph, 2012).

Based on previous research, we suggest that a variety of potential interventions could overcome these obstacles and perhaps subsequently lead to improved socioeconomic status. Broadly, we conceptualize potentially effective interventions as being in four realms: (1) housing, (2) social services and supports, (3) employment, and (4) neighborhood life. These domains are certainly interrelated and, we believe, all tend to reinforce well-being and quality of life. Some of these recommendations would likely require major policy interventions by the state, and other strategies, based on some examples of what public housing authorities are currently doing, could be implemented without a great deal of additional resources being advanced.

Regarding housing, many HOPE VI developments currently include homeownership opportunities for moderate-income and higher income populations. Although they arguably provide a foundation of residential stability in these communities, many market-rate buyers consider these properties as investments and may plan to live in them for a relatively short period (Joseph and Chaskin, 2010). Subsidized for-sale units that exist in some sites are contractually constrained from being sold at market rates for a period of years after purchase, but over time the access that owners have to the market, the potential volatility of the market, and the uncertainty surrounding contractual arrangements and broader relationships of responsibility between owners and housing authorities suggest that income mix may be difficult to sustain (Abravanel, Levy, and McFarland, 2009). The stability of lower income residents in these contexts is yet more difficult to ensure. Lease compliance requirements often extend beyond timely payment of rent and adherence to lawful behavior to include a range of (often relatively minor) behaviors that can place tenants at risk of eviction (Chaskin and Joseph, 2012). Residents who are successful in these contexts are often expected to move on if they can get effectively established in the workforce and establish some level of self-sufficiency. In some cases, subsidized renters who go through “the program” at HOPE VI sites are given homeownership

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<sup>3</sup> This more narrow focus on housing has been expanded in HOPE VI's successor, the Obama Administration's Choice Neighborhoods demonstration program, which explicitly seeks to support investment beyond housing and social services for low-income residents and to include an emphasis on dimensions of community health, including education, public assets, transportation, and access to jobs.

classes and assistance to save toward the down payment for a house through individual development accounts. Although some sites have units set aside for potential purchase by relocated public housing residents, most of those who do eventually buy their own homes (relatively few to begin with) have to leave the complex. Given that studies of existing HOPE VI sites have shown that, at times, cleavages among homeowners, market-rate renters, and subsidized renters occur in part because of the perceived lack of investment in the development that renters may have because they have no equity stake in their units (Chaskin and Joseph, 2011), and given the benefits of residential stability for aspects of neighborhood well-being such as safety and density of acquaintanceship networks (Freudenburg, 1986; Sampson and Groves, 1989), we suggest that subsidized renters should be supported to make them eligible to buy the HOPE VI unit they occupy. To support likely sustainability of this income mix over time, this lease-to-purchase program could be implemented through a shared-equity housing model operated by a community land trust (CLT). A CLT is “a nonprofit organization that utilizes public and private funds to provide affordable home ownership opportunities for low-income households” (Thaden, 2010: 2–3). The CLT would retain title to the land, meaning that the prospective owner needs to pay only for the building or a unit within the building. Moreover, the CLT can ensure the long-term affordability of the unit by providing some of the initial downpayment for the house. If the homeowner sells the property, the CLT gets its money back plus a portion of any appreciation to put the funds back into the property and sell to another low-income individual (Thaden, 2010). Using this model in HOPE VI developments would assist renters toward homeownership if they so desire. Homeownership could create longer term, more stable communities; provide incentives for low-income renters to contribute to the community; and also help renters build wealth. In tandem, public housing authorities will likely need to develop new complexes to provide subsidized units within a mixed-income environment; if mixed-income housing strategies show any promise in spurring reinvestment in their surrounding neighborhoods, rolling development provides the opportunity to sustain this promise over time and spread it across more neighborhoods.

Homeownership is not (nor should it necessarily be) an option for everyone, however. Anyone moving into homeownership needs sufficient income, stability, and capacity to maintain payments and their property and needs access to loan instruments that tailor financial burden to ability to pay over time. For some, homeownership will not be an option for any of a number of reasons. In HOPE VI developments, some public housing residents will choose or need to stay in a subsidized rental situation. Often these residents face multiple barriers to employment such as childcare, transportation, and health issues (Popkin, Levy, and Buron, 2009). HOPE VI has had a positive effect on creating better public housing environments characterized by less crime, but the program’s limited funds for community and social services have not translated into “gains in employment, earnings, or health” (Theodos et al., 2012: 518). Whether striving for homeownership or simply to support stability and well-being, services and supports for public housing residents need to be enhanced. Indeed, studies have found that in the isolated cases in which effective and intensive services have been provided, they have produced positive results (Popkin et al., 2010). The supports have included financial supports, social services (counseling, job training, and case management), child care, health care, and transportation services. Whereas transportation may be a more difficult problem to solve, child care seems relatively simple; HOPE VI complexes can be built with facilities that can be operated as childcare cooperatives, potentially priced based on parents’

income and staffed by qualified people from the neighborhood. In addition to these cooperatives, we suggest that additional elements would include youth activities and after-school programs.

On the financial front, a key concern for public housing residents is the ability to save money on utility bills. In regular public housing, the housing authority largely covers utilities, but in HOPE VI sites, the tenants are responsible for paying their utility bills. Housing authorities in several locales implemented two interventions: using energy-efficient appliances and building materials and instituting weatherization programs that lower heating and cooling bills. For example, in High Point, Seattle, Washington, the HOPE VI sites use geothermal technology to provide low-cost heat and air conditioning and, in Nashville, Tennessee, they use solar panels to provide energy for elderly residents in public housing highrise buildings.

Regarding employment, job training also needs to be refocused. In particular, successful programs to move public housing residents to better paying jobs have often included vocational training that goes far beyond simply helping connect residents to potential training programs or even officially sponsoring such programs. One intervention would be to replicate some features of the Chicago Family Case Management Demonstration, including a mechanism to make work pay a decent wage. The demonstration included efforts to effectively pay employers to hire residents through temporarily subsidized salaries.

The Transitional Jobs program, a more intensive version of the model used citywide by Chicago Housing Authority's Opportunity Chicago workforce initiative, was aimed at helping residents with little or no work experience connect to the labor market. The program relied on intensive employment and interview training, rapid attachment to the workforce, 3 months of subsidized employment, and continued counseling and advocacy support for residents throughout the first year of employment (Popkin et al., 2010).

Similarly, in Seattle, a related effort kept contact with both employees and employers after a resident had been placed in a job, identifying skill areas in which the resident was deficient and providing additional training. It is not sufficient to help a public housing resident learn some computer skills or how to be a nurse's assistant, update their résumé, and do some practice interviews; employers may need additional guarantees or incentives to take a risk on relatively inexperienced, unproven employees.

Finally, regarding neighborhood life, the literature makes clear that simply ensuring that residents of different class backgrounds live in proximity to one another is not sufficient to ensure either community cohesion or the kinds of effective social network benefits for lower income residents for which mixed-income policies had hoped. Some basic tools for enhancing communication and access among residents (many of which are being experimented with in sites across the country) may help in this regard. These tools might include something as simple as a neighborhood directory listing residents' contact information and some information about them (employment, interests), periodic newsletters with profiles of residents focusing on their professional training and achievements, or providing free developmentwide wireless Internet access to encourage people to access information that is available on the web. They might also include occasional social events focusing on creating opportunities for networking. These kinds of interventions are sometimes difficult to pull off, however, given the ways in which residents tend to sort into or out of particular groups

and activities based on their interests and perceptions of who such efforts are geared toward, and in light of cross-class tensions that have been generated in many of these contexts (Chaskin and Joseph, 2012, 2010).

Beyond these efforts, greater intentionality and investment might focus around amenities, organizational infrastructure, and neighborhood spaces. One example is the community garden, numerous examples of which have sprouted up across the country. In the John Henry Hale HOPE VI development in Nashville, the Farm in the City not only attracts people from different income groups to interact but provides participants with fresh fruits and vegetables that would otherwise cost a great deal of money at the grocery store. Broader economic development could also be promoted (partially contingent on the specific economic context) by building mixed-use spaces with, for example, retail on the bottom levels of buildings and apartments above. This type of development is typically lacking in HOPE VI sites, missing an opportunity to create spaces of sociability, employment opportunities, and service provision typically needed in any community. It might be possible to incentivize these kinds of spaces, in part, by providing small business grants for local entrepreneurs and leasing them space at below market rates if they meet certain social obligations, such as supplying the community with fresh fruits and vegetables or hiring a certain number of residents.

Cultivating these kinds of places and projects—gardens, stores, coffee shops, and recreational facilities—could potentially help move mixed-income developments from being largely residential complexes to vibrant neighborhoods that provide activity space for instrumental exchange and casual interaction. The creation of these kinds of collective amenities may still fall short of promoting an inclusive and vibrant neighborhood life, however, if the fundamental tensions we noted previously—around perceptions of crime, safety and disorder, and the ways in which different groups choose to occupy and appropriate space for different activities—continue to exist between public housing residents and homeowners (Chaskin and Joseph, 2012). Here, addressing the issues of governance and participation is important. Some interventions to promote solidarity and community between and within income groups might include shaping inclusive neighborhood associations that promote the broad participation of residents across incomes and housing tenure and that operate beyond the purview of individual homeowners' associations. Clear expectations for participation, funding for community members to run and operate a variety of outreach and engagement activities, and effective technical assistance to residents to train officers and engage in community organizing and community building activities would strengthen this agenda and help shape more effective associations. These ambitions are, however, hard to implement in practice, particularly in the context of significant inequality (Briggs, 1998; Chaskin, 2005). Simply creating mechanisms for inclusive participation does not ensure their success, and it is important to explicitly take into account social difference and unequal access by guaranteeing representation of marginalized social groups (Young, 2000).

## Conclusion

High-quality, mixed-income housing has some potential to improve living conditions and a range of outcomes for low-income populations who have heretofore been functionally restricted to class-segregated neighborhoods of limited opportunity. The literature is clear, however, that the improvements associated with mixed-income living have been limited. We have proposed some

changes to mixed-income development practice, highlighting the intersection between mixed-income neighborhoods and opportunities around homeownership, social-service provision, and employment and neighborhood life. We are hopeful that effective implementation of such changes can improve outcomes so that low-income populations are better served by mixed-income housing programs.

Beyond these technical adjustments to mixed-income housing policies and practices, we raise the possibility of a more wholesale revisioning of housing and work that might be achieved through a combination of three significant changes: a living wage, a guaranteed income, and adequate provision of affordable housing. Many people in HOPE VI public housing have decent jobs, many after completing training programs to which they gained access through HOPE VI-affiliated services. Even with their successes, they do not make enough money to leave public housing, let alone purchase their own house (see Bazuin, Oakley, and Fraser, 2012; and Popkin et al., 2010 for additional details). HOPE VI essentially trains people to be members of the working poor. This problem is a symptom of a longstanding problem whereby increases in the cost of housing nationwide have far outstripped increases in wages. This problem has been particularly acute for people at the lower end of the income spectrum. The concept of the living wage—that people who work full time should earn enough to pay for their basic needs—is instructive here. It is possible that the government could transform the minimum wage into a living wage, but it will likely face considerable opposition. Rather, an effective living wage would require a social change about the value of work. An alternative could be some sort of guaranteed income, perhaps implemented through an expansion of the Earned Income Tax Credit.

Regardless, for increases in wages to reduce the need for public housing effectively, a commitment to expand the pool of affordable housing options is also needed. A considerable shortage of affordable housing exists, in part, because lower priced housing has much less profit potential for developers, mortgage brokers, and banks. Government could make significant strides toward filling that shortage through inclusionary zoning and other policy options that incentivize the construction of affordable housing.

Although briefly stated, the broader vision we have begun to outline here underscores the extent to which mixed-income housing approaches to poverty alleviation and neighborhood redevelopment are conservative approaches that do little to address the broader structural conditions under which many working people still do not earn enough money to make autonomous choices about important aspects of their lives or to meet basic needs. Poverty is related to housing, and the concentration of poor people in marginalized neighborhoods is deeply problematic. To solve this problem, we need to shape policies that can support workers to earn a living wage and that emphasize a broader policy focus on the kinds of structural barriers that public housing residents and other low-income populations face, including the need for significant institutional investment in education, access to technology, and issues of discrimination. These kinds of concerns obviously move well beyond the purview of housing authority responsibility and capacity, and they suggest an emphasis on policies operating at different levels and across different spheres of action. Mixed-income neighborhoods are not a panacea. At worst, they may exacerbate inequality and operate as a veiled mechanism for gentrification that disproportionately benefits the middle-income households and relocates—and resegregates—the poor. At best, they are a potentially useful but limited option in the face of complicated problems that American society has yet to find the political will to tackle more comprehensively.

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# **Lessons Learned From the Largest Tenure-Mix Operation in the World: Right to Buy in the United Kingdom**

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## **Abstract**

*In the past few decades, urban regeneration policies have taken firm root in many Western European countries. Underlying these regeneration policies is a strong belief in the negative neighborhood effects of living in areas of concentrated poverty, often neighborhoods with a large share of social housing. In Europe, great importance is attached to creating a more diverse housing stock (in terms of tenure and dwelling types) as a means to establishing a more socially mixed neighborhood population. Mixed-housing strategies are embraced explicitly by governments in Finland, France, Germany, the Netherlands, Sweden, and the United Kingdom. The idea is that mixing homeowners with social renters will create a more diverse socioeconomic mix in neighborhoods, removing the potential of negative neighborhood effects. By far the largest tenure-mixing operation in Europe is the Right to Buy (RTB) scheme in the United Kingdom. Since the 1970s, more than 2.7 million socially rented houses have sold at large discounts, mainly to sitting tenants. In this article, we synthesize the outcomes of RTB with regard to neighborhood effects: residualization, neighborhood stability, tenure and social mix, social interactions, and dwelling maintenance. Although we acknowledge substantial socioeconomic benefits of RTB for many individual residents, we find that the neighborhood outcomes of RTB are by no means solely beneficial.*

## Introduction

Urban regeneration policies have become well established in many Western European countries in recent decades. The aim of these policies is often twofold. On the one hand, they aim to improve the livability and reputation of deprived urban neighborhoods, often neighborhoods dominated by social housing<sup>1</sup> constructed in the 1960s and 1970s. On the other hand, these policies aim to improve the lives of residents living in those neighborhoods (Manley et al., 2013). The content and implementation of urban regeneration policies differ greatly among countries, depending on the welfare system, the political forces, and the physical, social, and economic structures of urban areas (Andersson and Musterd, 2005). Similarities also exist, however, among national urban regeneration policies.

Most policies are strongly oriented toward altering the quality and composition of the housing stock of existing urban residential areas dominated by social housing (Kleinhans, 2004). In Europe, great importance is attached to creating a more diverse housing stock as a means to establishing a more socially mixed neighborhood population (Manley et al., 2013). This diversification is established through the demolition, upgrading, or sale of socially rented housing and the construction of new, more costly owner-occupied or privately rented housing. The result is more differentiation in housing sizes, forms, quality, and prices and above all a mix of tenures and therefore a more mixed (higher income) neighborhood population. Creating neighborhoods with a more balanced socioeconomic mix of residents is a common strategy for tackling assumed negative neighborhood effects; that is, the idea that living in deprived neighborhoods has a negative effect on residents' life chances over and above the effect of their individual characteristics (van Ham and Manley, 2010). A deliberate mix of homeowners and social renters will create a more diverse socioeconomic mix in neighborhoods, removing the potential of negative neighborhood effects (Musterd and Andersson, 2005). Policymakers have assumed that mixed neighborhoods will provide more positive role models, fewer negative peer group effects, and a better neighborhood reputation (Manley et al., 2013). Although the evidence that neighborhood effects are important and that area-based policies are effective is ambivalent (van Ham and Manley, 2010; van Ham et al., 2012), many Western European governments, including those in Finland, France, Germany, the Netherlands, Sweden, and the United Kingdom, explicitly embrace mixed-housing strategies (Atkinson and Kintrea, 2002; Kearns, 2002; Musterd, 2002; Veldboer, Kleinhans, and Duyvendak, 2002).

The Right to Buy (RTB) scheme in the United Kingdom is by far the largest tenure-mixing operation in the world. More than 2.7 million socially rented houses have sold, primarily to sitting tenants at large discounts, since the 1970s (Jones and Murie, 2006). The sale and resale of former socially rented dwellings has created mixed-tenure neighborhoods by introducing homeownership in neighborhoods previously dominated by social housing (Tunstall, 2011). According to Munro (2007), RTB represents one of the most significant housing policy measures in Britain of the past 25 years. "It has achieved almost iconic status, representative of high Thatcherism; a key effort in

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<sup>1</sup> Social housing is housing that is let for less than market rents to people in housing need. In the United Kingdom, social housing generally is provided by councils (local governments) and not-for-profit landlords, such as housing associations. In the U.S. context, social housing is often referred to as "public housing" or "state-subsidized housing."

the general drive for privatization, aimed both at rolling back the frontiers of the state and also in the creation of a ‘property owning democracy.’ It has been instrumental in changing the aggregate tenure structure in Britain” (Munro, 2007: 247; see also King, 2010).

Although creating mixed neighborhoods was not an explicit aim of the RTB policy, we want to emphasize that it was a side effect of the policy that was much welcomed by the government. In line with the privatization discourse, much research has been devoted to the socioeconomic effects of RTB for tenant buyers. RTB can be qualified as hugely successful in increasing access to homeownership (with sales prices of much less than market values), in transferring wealth from the state to private households (substantial profits could be made through resale by capitalizing on the discount value and general house price increases), and in decreasing the stock of social housing (for example, Jones and Murie, 2006; King, 2010). These outcomes are undeniably good reasons for conservative politicians to celebrate RTB, although critics have also identified many negative (side) effects of RTB (see Jones and Murie, 2006).

Less attention has focused on how neighborhoods were affected by the RTB policy, however (Munro, 2007). We seek to fill this gap with a meta-analysis of existing research findings on various neighborhood outcomes. The main objective of this article is to reveal both the positive and negative lessons learned about neighborhood effects from more than 30 years of RTB policy. We will focus our attention on five types of outcomes on the neighborhood level: residualization, neighborhood stability, tenure and social mix, social interactions, and dwelling maintenance. The article ends with conclusions about the double-edged effect on social mixing, the greatly varying effects on the stability of neighborhoods, and the complexities regarding social interaction and dwelling maintenance. We conclude that the neighborhood outcomes of RTB are by no means solely beneficial, which is an important message for countries considering introducing RTB. In the next section, we further explain RTB policy and give a brief account of its history and policy development.

## Right to Buy in the United Kingdom

The RTB legislation was introduced in the 1980 Housing Act by Thatcher’s Conservative government, elected in 1979. As mentioned in the Introduction, RTB significantly transformed the British housing market. The key to the large sales numbers was the discount given on the market prices. In the original RTB legislation, the discounts started at 33 percent and increased 1 percent for each additional year of tenancy, up to a maximum of 50 percent (Jones and Murie, 2006). The primary reason for these sales was to stimulate homeownership and to respond to the desire of some tenants to own their properties (van Ham et al., 2012). The large volume of houses sold under RTB since 1980 has contributed significantly to the radical changes in the distribution of dwellings by tenure (see exhibit 1).

### Exhibit 1

Tenure Distribution in England and Wales, 1981–2011 (percent)

Housing Tenure	1981	2001	2011
Owner occupied	58	69	64
Socially rented	31	19	18
Privately rented	11	12	18

Source: Office for National Statistics (2012)

These data also show that the current economic crisis has caused the percentage of homeownership to drop and the percentage of private renting to increase. The most notable change was that since the early 1980s, the share of social housing has dropped from 31 to 18 percent in 2011. Most of this change is because of RTB (Jones and Murie, 2006).

Initially, RTB gave only those living in council housing—that is, social housing owned by local councils—the right to buy their dwelling. This right was later extended to tenants of other social landlords, such as housing associations. Over the years, changes and regional variations in the policies (including the rules and discounts) have incrementally introduced a high level of complexity into the RTB legislation (see Jones and Murie, 2006, for an excellent overview). The number of sales has differed regionally and fluctuated greatly, with peaks in 1982 and 1989. Because of all the changes in the policy over time and the regional differences in the RTB policy, it is not possible to speak of a “single” RTB policy. Different rules apply in the four countries that make up the United Kingdom: England, Northern Ireland, Scotland, and Wales. For example, in Scotland, it has been possible for some time for the government to identify RTB exclusion zones in housing markets that are under pressure. Also, the Scottish government’s 2010 Housing Act ended RTB for new tenants because of concerns about a shortage of affordable rental homes (Scottish Government, 2012). A recent consultation in Scotland showed that most Scottish councils want RTB for council and social housing to be scrapped completely (BBC, 2012). In England, new tenants can still execute their RTB.

The main objective of RTB was to sell public housing and stimulate private ownership. RTB was seen as an end in itself, and not as a means to achieve any other housing or urban policy (Jones and Murie, 2006). Also, before the 1980 Housing Act, local authorities were already selling dwellings. The main change the RTB legislation brought was that social housing tenants now had the right to buy their dwelling. Creating mixed-tenure neighborhoods was never an explicit objective of the RTB legislation, but it was later seen as a welcome side effect of the policy (Tunstall, 2011). RTB has contributed greatly to the establishment of mixed (tenure) communities in the United Kingdom, but Tunstall (2011) pointed out that even before RTB came into existence, very few neighborhoods were 100 percent monotonous (depending on the scale used; the larger the neighborhood, the more mixed).

Over the years, RTB became a standard policy instrument in urban regeneration programs to create mixed communities (Jones and Brown, 2002). Urban regeneration programs often consist of selective demolition of social housing, estate redesign, improvements of the existing housing stock, new construction, and upgrading local facilities (Jones and Murie, 2006). The idea was that this upgrading of neighborhoods would encourage existing residents to execute their RTB and purchase their rented houses, eventually leading to more mixed communities. RTB had differential effects on tenure and social mix in various estates, which is one of the neighborhood outcomes that we will deal with extensively in the next section. We will also explain which (other) types of neighborhood outcomes have been under our scrutiny and why.

## Analyzing Neighborhood Outcomes of the Right to Buy

By comparison with the attention given to the effects of RTB on the socioeconomic outcomes of tenant buyers, far less attention has been given to the effects of RTB on neighborhoods. The general

discourse on RTB has tended to identify singularly positive (stability) or negative (residualization) effects on neighborhoods, often without acknowledging the inherent complexity and sometimes contradictory nature of concepts such as stability and tenure mix, or underestimating the fact that comparable sale levels in roughly comparable neighborhoods have led to hugely varying effects, depending on the local and regional housing market context. Therefore, in our analyses of the literature, we have chosen to start from neighborhood-related concepts in the RTB goals (for example, stability and sustainable communities) and concepts that were never part of, or an explicit objective of, the RTB legislation but were applauded by policymakers as welcome side effects, such as tenure mix (see Tunstall, 2011). Very early in our meta-analysis, it appeared that “sustainable communities” often referred to buying into homeownership without moving (that is, stability), to social interactions (and social cohesion), and to maintenance levels. These concepts are much better indicators of neighborhood effects than sustainable communities. Thus, we will synthesize RTB outcomes for five types of neighborhood outcomes: residualization, neighborhood stability, tenure and social mix, social interactions, and dwelling maintenance. We deliberately exclude the voluminous literature about the socioeconomic effects for individual households that are tenant-buyers or buying a former RTB dwelling on the private market (*resales*). In the following section, we start with the most notorious outcome of RTB: residualization.

## Residualization

In the critical scientific discourse, RTB has become most (in)famous for its residualization effect on the social housing sector in the United Kingdom (Cole and Furbey, 1994). The term *residualization* broadly refers to two processes (see Burrows, 1999). First, it refers to growing concentrations of the lowest income and most disadvantaged households in the socially rented sector. Second, residualization refers to a shrinking social housing stock that increasingly consists of the lowest quality dwellings in the most deprived neighborhoods. In the following paragraphs, we analyze how residualization arose through various processes in relation to RTB.

The first and foremost question is: Which households used their right to buy? Not surprisingly, these households were generally the better off, economically active tenants with at least one income from paid employment and often two earners in the household (Forrest and Murie, 1984a, 1984b; Jones and Murie, 2006; Kerr, 1988; Lynn, 1991; Munro, 2007; van Ham et al., 2012). Tenant buyers also tended to be from higher social classes with white-collar, skilled, or semiskilled occupations (Williams and Sewel, 1987; cited in van Ham et al., 2012). In terms of household features, most tenant buyers were middle-aged or older married couples with nondependent children, especially during the early years of RTB (Forrest and Murie, 1988).

The second question is: What were the characteristics of the council dwellings sold under RTB? The more attractive properties in the most attractive neighborhoods generally sold to sitting tenants. These properties were often larger single-family dwellings rather than flats (Dunn, Forrest, and Murie, 1987; Forrest, Gordon, and Murie, 1996; Forrest and Murie, 1990; Foulis, 1985; Jones and Murie, 1999; Scottish Executive, 2006). The more desirable properties were also often in more desirable and attractive areas, in terms of residential environment and housing market position. Dunn, Forrest, and Murie (1987) showed that RTB sales have been highest in areas where owner occupation was already at high levels and where the initial stock of council housing was relatively

small (see also Foulis, 1985; Jones and Murie, 1999; Scottish Executive, 2006). This pattern of sales has resulted in a council housing stock increasingly characterized by flats, unconventional buildings, and poorer quality neighborhoods (Munro, 2007).

More fundamentally, the selective uptake of RTB by economically active households has resulted in a council sector with growing concentrations of economically inactive and low-income residents, among them tenants with structural health problems or disabilities, single parents, and elderly people (Forrest and Murie, 1988). These residualization forces, through changes in the council housing stock and its population, work in conjunction with the desirability of neighborhoods.

In urban areas the coincidence of Right to Buy sales and a period of widening social inequality has exacerbated the funneling of poorer sections of the community or marginalized groups into the least desirable estates. Obtaining a house in these neighbourhoods, whatever condition and quality, demonstrates some elements of social disadvantage by tenants. At the same time the changes in the characteristics of the council tenant population, encouraged by the Right to Buy siphoning off those with financial resources, has meant that the council housing stock is subject to higher turnover. The Right to Buy has therefore destabilised the remaining council housing stock and the least desirable estates in particular. This has inevitably increased social exclusion and economic marginalisation and reduced the sustainability of communities in these areas through the instability of local populations. (Jones and Murie, 2006: 153)

The residualization trends described by Jones and Murie have another negative side effect. From the turn of the century, needs-based letting of social housing has received increasing focus in the United Kingdom (Fitzpatrick and Pawson, 2007). According to Munro (2007), this focus means that a greater proportion of new lettings have gone to those households with the greatest needs, such as homeless people (Fitzpatrick and Pawson, 2007). Households now moving into the sector are less affluent than the out-movers, resulting in social housing with residents who are more narrowly based socially and economically (Burrows, 1999; see also Forrest and Murie, 1990; Power and Tunstall, 1995). The combination of residualization and needs-based letting contributed to stigmatization of social housing, confirming “its position as ‘welfare’ housing of last resort, only for those with no other options” (Munro, 2007: 249).

It would be incorrect to put the sole blame for residualization on RTB, however. For example, Burrows (1999) argued that the process of residualization has not been only because of changes in tenure, but also because of the intensification of processes of residential movement by people, which can be traced back to at least the mid-1970s (Lee et al., 1995). Munro (2007) acknowledged that RTB promoted homeownership, but this outcome was already on an upward trajectory because of other factors. She referred not only to the dominant ideological discourse favoring homeownership, but also to other programs, such as stock transfers to housing associations. Dunn, Forrest, and Murie (1987: 58) argued that “higher discounts, rising rents, changing interest rates, and other external factors related to the uneven effect of the recession [during the 1980s] may have generated additional sales in areas where many tenants had already bought.” It has also been suggested that more substantial investments in new and good-quality, socially rented housing through the period

of RTB would have lowered residualization levels to some extent (Munro, 2007). The quote from Jones and Murie (2006: 153) on residualization also reveals that RTB has implications for the stability of neighborhoods, an issue to which we turn in the next section.

## **Neighborhood Stability**

It is argued that neighborhood stability—that is, low residential turnover levels—benefits social interactions, social capital (DiPasquale and Glaeser, 1999; Rohe, McCarthy, and Van Zandt, 2000), and trust in the neighborhood (McCabe, 2012). The general premise is that raising homeownership levels lowers residential turnover, and thus increases stability in neighborhoods, which is good from the perspective of sustainable communities. Jones and Murie (2006) referred to the wider received wisdom that sees RTB and the development of owner occupation as key to increasing stability on estates and reducing the problems of economic and social inequality. Jones and Murie acknowledged that RTB can meet the increasing aspirations of households to buy a home in their local communities, either immediately or subsequently through resales. They also revealed counter concerns, however, that RTB sales may have destabilizing effects on neighborhoods in various ways.

It appears that the relationship between neighborhood stability and increasing homeownership levels through RTB is far from straightforward. We will discuss five issues related to neighborhood stability. The first issue concerns time: stability in the short term (that is, directly after a wave of RTB sales to sitting tenants), and in the longer term (depending on resales of RTB dwellings by former tenant buyers).

At first the Right to Buy probably had little influence on these areas as the initial group of purchasers did not generally buy with a speculative intent but intended to stay in their home for the rest of their lives. However, ... this changed in the 1990s as resales began. In the subsequent decade resales became established as properties offering good value for money and in particular took on a role in the wider local housing market as starter homes or homes for households at the beginning of the family cycle. (Jones and Murie, 2006: 141)

According to van Ham et al. (2012), the initial stability of RTB neighborhoods is easy to explain, because nearly one-half of the buyers had rented for 20 or more years, and previous moves in the council sector had enabled them to secure relatively desirable dwellings. Few of these early RTB purchasers stated that they wished to move again (van Ham et al., 2012; see also Forrest and Murie 1984a, 1984b; Foulis 1985). Hence, in the initial stages of RTB, stability was mostly associated with sitting tenant buyers who do not affect turnover positively or negatively.

A second and related issue concerns market forces, especially the wider housing market context. In the previous subsection, on residualization, we established the selective sales patterns of tenants taking up the RTB. The more desirable properties were often in more desirable areas with a strong housing market position. Consequently, RTB sales have been highest in attractive areas where owner occupation was already at relatively high levels and where the initial stock of council housing was smaller. Thus, market forces already played a role in the initial take up rates of RTB by tenants.

Subsequently, the influence of market forces increased when RTB owners offered their dwellings for sale on the housing market. How former RTB dwellings became a part of the market for

owner-occupied housing varied greatly<sup>2</sup> (Forrest, Gordon, and Murie, 1996). Munro (2007) mentioned that the extent to which former council houses are integrated into the broader market for owner-occupied housing depends critically on the dwelling location. In pressured housing markets, such as the southeast of England, former council houses integrate quickly into the mainstream housing market. In less pressured markets, this integration usually takes much longer (see also Forrest, Gordon, and Murie, 1996; Pawson and Watkins, 1998). These mechanisms can work out negatively for neighborhood stability in both desirable and undesirable areas. The less desirable areas have lower RTB sales rates and may therefore become even more exposed to high turnover of lettings and the process of residualization (Jones and Murie, 2006). In desirable neighborhoods, initially stable estates could become very transitional because of their role within the wider local housing market. This outcome may happen if these areas become a locus for low-income owner occupiers, risking increases in mortgage foreclosure, sales turnover, and private tenancy (Jones and Murie, 2006). We will return to the issue of private tenancy.

Overall, the size of the social housing sector has decreased significantly, but demand for social housing did not necessarily decrease commensurately. Consequently, waiting lists grew longer, which made it even more difficult to enter social housing (for example, Burrows, 1999; Forrest and Murie, 1988; Pawson and Bramley, 2000; Scottish Government, 2012). Research by Holt Brook, Kinver, and Strachan (2006) showed that tenants particularly have reported reduced access for other tenants to perceived “good” or “stable” neighborhoods. Importantly, the issue of reduced access does not apply only to social housing. Jones and Murie (2006) showed that resales offer good value for money within local housing markets, which attracted buyers from beyond the community who outbid local residents. This outbidding occurred for instance in tourist areas, where resales became second homes or retirement homes (Williams and Twine, 1994).

The third issue concerning the links between neighborhood stability and RTB is selection. Neighborhood stability may not be primarily the consequence of homeownership but might also be its cause, which runs counter to the common wisdom of stabilization by homeownership. This *reversed mechanism* seems to operate in various ways in the context of RTB. In particular, Jones and Murie (1999) provided an analysis of RTB effects on neighborhood stability by looking more indepth at the situation in Glasgow, Scotland, and Birmingham, England. Their analyses indeed revealed that residential turnover was less on council housing estates with higher RTB sales levels. Their data did not show, however, that high sales levels subsequently resulted in lower turnover rates. Jones and Murie concluded that the council estates with high sales levels were likely to be the more stable estates with lower turnover levels before RTB. In a followup analysis 7 years later, they concluded that “the previous social standings of neighbourhoods remain broadly stationary. The most desirable areas continue to have the lowest level of turnover in their rented sectors and attract the highest level of sales and resales” (Jones and Murie, 2006: 154). In a similar vein, van Ham et al. (2012) suggested that selective sorting into the RTB program (that is, tenants intending to stay as long as possible) might cause those who bought their dwelling to be the least mobile. From this perspective, the fact that the purchase is the result of a strong preference for staying put, not the purchase itself, caused neighborhood stability (see also King, 2010).

<sup>2</sup> On the matter of regional variation, see the enlightening maps of England in Dunn, Forrest, and Murie (1987: 51) and Forrest, Gordon, and Murie (1996: 130). For Scotland, Scottish Executive (2006: 10–11) includes many clear diagrams on regional variations of tenure as affected by RTB.

A fourth issue is that RTB owners may want to move on again after a while, to trade up in the market for owner-occupied housing. In their recent investigation of the moving behavior of RTB owners in the United Kingdom, van Ham et al. (2012) showed that trading up appears not to be a strong factor. They found that the probability of an RTB owner making a long-distance move falls between those of social renters and traditional owner occupiers. The difference between RTB owners and homeowners or social renters was not significant in their analysis. Furthermore, RTB owners are less satisfied with their dwelling than traditional owners but more satisfied than those in social housing. RTB owners are also the most likely to state that their neighborhood is the reason they want to move, closely followed by social renters (van Ham et al., 2009).

Ownership acquired through RTB may negatively affect neighborhood stability in a fifth way; that is, when for various reasons RTB translates into higher private tenancy levels. A key reason is that RTB purchasers move but keep their properties and let them out, which not only frustrates the objective of increasing local homeownership rates but also facilitates lettings to undesirable tenants (Munro, 2007). The second and connected reason is that private tenants are generally very mobile and create relatively frequent turnover. This issue also brings us to the third type of outcomes that are relevant for understanding the neighborhood effects of RTB: tenure and social mix.

## **Tenure and Social Mix**

We previously asserted that creating mixed neighborhoods (through changes in housing tenure and socioeconomic composition of the population) was not an explicit aim of the RTB policy, although it was welcomed as a side effect by the government (Tunstall, 2011). At first sight, selling homes to tenant purchasers seems a straightforward instrument to create mixed neighborhoods. Three issues, however, refute a simple causal pathway between RTB and social mix. Firstly, RTB initially did not alter the social mix in council housing areas, because sitting tenants purchased their dwellings. Hence, initial RTB takeup by tenants changed only the tenure balance, with the more affluent council tenants selecting into owner occupation. Only when RTB properties were resold on the open market did subsequent purchasers change the socioeconomic and demographic profiles of the local community (Jones and Murie, 2006). The nature of that socioeconomic change was dependent on various factors, of which the market potential of RTB dwellings and their neighborhoods (see the previous subsection) is an important one. Offering former RTB dwellings on the open housing market tapped a wide potential range of buyers.

Survey evidence shows that the resale market is not predominantly a first-time-buyer market. Half of those who have purchased former public sector dwellings were already owner-occupiers at the time. For most of those concerned, buying an ex-RTB property presented an opportunity to trade up in the market in terms of size and type. Nevertheless, for a considerable proportion of first-time buyers, the availability of a former public sector property may have been crucial in facilitating access to home-ownership. Significantly, one-third of this group had previously contemplated social renting. (Pawson and Watkins, 1998: 1291)

Other studies of resale purchasers have shown that most moves were over short distances (for example, Pawson et al., 1997). The foregoing suggests various pull factors connected to stages in housing careers. Buyers of former RTB dwellings who had previously contemplated social renting are unlikely to have significantly higher incomes than many council tenants.

Secondly, RTB sometimes translated into more private tenancy instead of more owner occupation (see the previous subsection). From this point of view, tenure mix has indeed increased, but not in coherence with policy hopes and expectations. According to Scottish Executive (2006), some research has indicated that tenure mix cannot guarantee particular types of mix in the longer term. The growth of private renting in particular lowers the ability to control the profile of areas.

Whilst communities being newly built would expect to contain a balanced mix of tenure, the Right to Buy mixes tenures in a more random manner. The Right to Buy is a rather blunt tool for mixing communities in this respect. ... It is also worth bearing in mind that it is not possible to control the movement of former Right to Buy properties into the private rented sector, and that—without applying rights of pre-emption or housing burdens—this is true for all developments, whether old or new. (Scottish Executive, 2006: 58)

Finally, we come to the ambivalent nature of the policy assumptions. Munro (2007) emphasized the dichotomous attitude when considering the role of owner occupiers in estates that were previously predominantly rented. Munro points out the clear policy focus on tenure mix as a positive measure toward creating mixed and sustainable communities, which may simultaneously result in counter-productive social effects, such as increased turnover (by private renters) and instability, and tenant buyers' low incomes or reluctance hindering participation in or progress of physical renovation by landlords (Munro, 2007). In the next section, we will further explain how the (increasing) tenure mix may affect the nature and quality of social interactions in areas with substantial sale numbers.

## Social Interactions

As mentioned previously, RTB initially did not alter the social mix in council housing areas, because sitting tenants purchased their dwellings. When resales started to occur, however, relatively young people, often in white-collar occupations, moved into neighborhoods previously dominated by social housing tenants. At this point, the existing social mix became more dynamic. The contrast between the newcomers buying former RTB dwellings and the original council tenants, who were often on social benefits, has regularly resulted in social tensions (Jones and Murie, 2006). Research by Holt Brook, Kinver, and Strachan (2006) indicated that sitting tenants and RTB buyers had widely varying perceptions of the effect of RTB on neighborhoods. The most common view was that new owners generally took greater care of their properties than tenants. Although some respondents reported that owners also were "better and more involved neighbors," however, others claimed that owners were more selfish and less concerned about the neighborhood.

This topic relates to a wider field of study; that is, the benefit of mixed communities in terms of social interaction between residents from different tenures (for an extensive overview of associated issues and mechanisms, see Kleinhans, 2004: 377–380). A systematic review of this subject has shown that the evidence is either limited or negative (Bond, Sautkina, and Kearns, 2011). Increased exposure between residents with different values and lifestyles (for example, social renters and owner occupiers) is a common cause of tensions. In the context of RTB, for example, much evidence points at either "peaceful indifference" or tensions between residents of different tenures (Beekman, Lyons, and Scott, 2001; Kleinhans, 2004). Compared with new residential areas or demolition combined with replacement by new units, RTB provided a tenure-mix strategy that did not by definition introduce new faces in neighborhoods. "Far greater levels of cross-tenure networks are to be found

where owner-occupation has arisen in a more organic way as a result of tenants exercising their “Right to Buy” (Beekman, Lyons, and Scott, 2001: 59). Related is the finding that residents in an area where mixed tenure arose through RTB had more difficulty in distinguishing the tenure of their neighbors than residents in other study areas (Scottish Executive, 2006). The fact that RTB often did not result in striking visual differences among tenures decreased the opportunity to interpret tenure as a visible marker of the social status of residents.

Several social implications of mixed tenure relate to intertenure attitudes. Apart from mixed tenures, residents’ expected length of stay is an important factor determining their attachment to and involvement in the neighborhood. Jones and Murie (2006) observed that the buy-to-let practices of former RTB dwellings, especially resales bought up by landlords and subsequently let to very mobile private tenants, can lead to instability and tensions. The greater mobility of private renters is associated with less attachment to the areas, because private renters know they will move on sooner than later. Whereas both owners and social renters may feel a certain ownership of and responsibility for their neighborhood, private landlords and private renters usually have different interests and are less bothered by the social climate in the neighborhood. This issue strongly affects dwelling maintenance, to which we will turn in the following section.

## **Homeowner and Landlord Maintenance**

The literature on the benefits of homeownership emphasizes that owners have a financial stake in the condition and maintenance of their dwelling and are, *mutatis mutandis*, more willing than renters to ensure that maintenance is up to standards (for example, DiPasquale and Glaeser, 1999; Rohe, McCarthy, and Van Zandt, 2000). Whereas this line of thinking has received much criticism, also in the context of RTB, it makes sense in the perception of both tenants and tenant buyers in RTB areas. Research by Holt Brook, Kinver, and Strachan (2006) showed a common view that owners generally took greater care of their properties than tenants and that this maintenance also encouraged other residents to take more pride in their dwellings.

Reality is harsher with respect to dwelling upkeep by tenant buyers or consecutive buyers, however. In single-family dwellings, tenant buyers with low incomes often struggled with greater-than-expected maintenance costs. In multiowner settings, the specific context of RTB causes a potential problem that transcends the investment capacity of individual tenant buyers. In apartment blocks, RTB uptake could differ from door to door. Hence, mixed tenure implied mixed ownership at the block level, with profound legal and financial consequences for the maintenance of collective parts, such as roofs and stairways. Local authorities and other landlords had to deal with individual owners in arranging part of the maintenance, tackling owners’ financial inability or reluctance (or both) to let them contribute their share of the maintenance or improvement costs.

In this respect, Leather and Anderson (1999) found a whole range of practices among local authorities and other landlords. Various arrangements were also enforced (by local authorities on individual owners) to different extents, so that no clear picture emerges of the effectiveness of multiowner maintenance arrangements. Obviously, negotiations between landlords and individual owners regularly resulted in disagreements about the required repair and maintenance standards. Part of the disagreements is associated with a perceived lack of information. “Research found mixed practice amongst local authorities in respect of the amount of information supplied to tenants concerning

their common repair responsibilities, with many respondents indicating that the only information provided was in the title deeds" (Russell and Welsh, 1998; cited in Scottish Executive, 2006: 56).

Problems that appeared after the initial uptake of RTB by tenant purchasers became worse with resales. According to Scott et al. (2001), new owners of resold RTB properties were often not aware of the impending costs, burdens, and legal obligations associated with the previous council housing and did not take them adequately into consideration when buying the property.

From the turn of the century onwards, the above problems have also affected efforts to regenerate council housing areas by large-scale renovation. Thus, various actors involved in such planned renovation efforts increasingly have to face the difficulties of ensuring that owner occupied houses are brought up to similar repair and environmental standards as the social rented houses, and of ensuring that the owners do not delay or prevent the realization of the improvements. (Craigforth, 2002: 9)

A time-lagged effect is also connected to maintenance. In general, many tenant purchasers in the early years of RTB made several improvements to their dwellings, on top of maintenance. Leather (2000) pointed out that refurbishments made by new RTB owners in the early years of the policy may now require further investment by their ageing owners. In light of the continuing economic crisis, these owners may face especially severe financial constraints that hinder them from making the necessary investments to maintain and update these improvements (see also Munro, 2007).

We have so far analyzed knowledge about effects on maintenance after council housing has been sold. The qualitative research of James, Jordan, and Kay (1999) showed a particularly interesting reversal of the sequence of these events. A substantial portion of their interview respondents were relatively low-income council tenants who used their unemployed status as an opportunity for increased dwelling improvement activity. For some of them, an improvement in employment status (and disposable income) triggered the decision to buy to protect their work investment and to secure their stake in the local (valued) community. James, Jordan, and Kay (1999) observed that the purchase sparked a desire for further home improvements and recognition of the need to increase their household earnings from employment. The authors also concluded that these tenants decided to buy as a way of securing their future in the area and controlling their personal environment, instead of seeing it as an escape from a residual ghetto of welfare housing (James, Jordan, and Kay, 1999).

## Conclusions

In this article, we set out to synthesize the neighborhood outcomes of the Right to Buy policy in the United Kingdom, which is the largest (originally unintended) tenure-mixing program in the world. RTB never had mixing as an explicit policy aim, but over time RTB became part of mainstream urban regeneration policies aiming to establish more socially mixed neighborhoods. Consensus suggests that RTB was a success in terms of facilitating access to homeownership for working-class households. Large transfers of wealth from the state to private households occurred through the discounts on market values and the sometimes huge profits made by resales of RTB properties by tenant buyers.

RTB had a double-edged effect on social mixing, however. On the one hand, RTB caused social housing in the United Kingdom to become residualized. The most desirable dwellings in the best neighborhoods sold first, leading to higher concentrated poverty levels in the least desirable neighborhoods. On the other hand, the most desirable neighborhoods with already relatively high homeownership levels and more affluent households witnessed a further increase in homeownership. Between these poles, some neighborhoods saw an increase in ownership that was not matched by owner occupation because dwellings were resold on the buy-to-let market and ended up in the privately rented sector.

Contrary to common wisdom of the positive effects from homeownership, RTB has had various effects on the stability of neighborhoods. “The evidence broadly suggests that the impact of Right to Buy on individual neighbourhoods is linked to issues of stability and demand that existed prior to Right to Buy, with Right to Buy reinforcing existing neighbourhood trends. Initially stable, high-demand neighbourhoods have seen high levels of Right to Buy sales. Low demand areas on the other hand have seen reduced levels of sales” (Scottish Executive, 2006: 60). To a large extent, the effects for individual neighborhoods were contingent on the wider housing market context, which strongly determined both the initial takeup rates and the extent to which former RTB dwellings integrated through resale into the broader market of owner-occupied housing.

Resales especially have affected social mix in neighborhoods by enabling socioeconomically different households to enter the areas formerly dominated by council tenants, of whom many had low incomes or were living on social benefits. The lifestyle differences introduced by these residential moves created either peaceful indifference or tensions and conflicts between renters and owners, although RTB is clearly a more organic way of mixing (Beekman, Lyons, and Scott, 2001) than tenure mix in new developments or neighborhoods subject to demolition and new construction.

Finally, RTB created various complexities regarding dwelling maintenance. Although evidence suggests that owners take greater care of their properties than tenants, new owners with relatively low incomes often struggled with maintenance costs. RTB also introduced mixed ownership on the block level, requiring local councils, landlords, and individual owners to negotiate about the nature, quality, and costs of maintenance. This mix has also affected large-scale regeneration efforts in social housing areas with individual RTB owners.

It can be concluded that RTB had major effects, which were not always positive, on neighborhoods and local communities. The Scottish Executive (2006: 58) called RTB a “blunt tool for mixing communities, with no control over the outcomes and with more or less random effects on neighborhoods.” Other countries, such as the Netherlands, are now considering introducing RTB in the social-housing sector. When RTB is introduced, we call for policies to be developed with the U.K. experiences in mind. Targeting RTB at only specific types of properties, in specific locations, possibly by using RTB exclusion zones, can help to avoid the development of residualized communities.

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## **Commentary**

*These comments relate to the articles in this Cityscape symposium by Fraser, Chaskin, and Bazuin and by Kleinhans and van Ham.*

# **Housing Policy Possibilities in the Prison of Property Relations: A Commentary**

**Katherine Hankins**

Georgia State University

At the current conjuncture of neoliberal capitalism in the United States and in the United Kingdom, housing policy continues to undergo transformations that increasingly make poor households vulnerable while emphasizing (and enhancing) the value (and values) of the private property market. As the conveners of this symposium explore, a variety of housing policies have been rolled out in the past several decades to deconcentrate urban poor populations from public housing (in the United States) or social housing (in the United Kingdom) projects. Such policies include dispersing them into mixed-income Housing Opportunities for People Everywhere (HOPE VI) developments or distributing housing vouchers for market-rate rental units (in the United States), or providing opportunities for residents of social housing to purchase their units with the Right to Buy (RTB) program (in the United Kingdom). These transformations have raised important questions about the ability of a marketized social safety net to deliver housing as a social good and the effects of these policies on poor urban households, on neighborhoods, and on cities more broadly. As the articles in this section of the symposium reveal, the assumption that mixed-income housing is a desirable policy with beneficial outcomes requires interrogation. Before turning to the careful arguments that James C. Fraser, Robert J. Chaskin, and Joshua Theodore Bazuin and that Reinout Kleinhans and Maarten van Ham offer, I first situate my discussion of housing policy in terms of the “prison” of property relations.

In his article on space, politics, and the political, in which he explores conceptualizations of space and politics based on the writings of Jacques Rancière, Dikec (2005) retold a compelling story to make a clear point about the possibilities for emancipatory politics and real social change. The story, in my view, is instructive in thinking about how policies such as those involving housing often ignore the more fundamental societal dynamics that undergird the very need for state intervention in housing in the first place. The story he recounts, based on Eric Rochant’s 1997 French film *Vive la République!*, is set in a French city in which a homeless man gives a lesson on politics to a political activist. The homeless man asks the activist to imagine a prison in which the prisoners have done nothing wrong but were simply born into the prison. It is, as Dikec (2005: 173, emphasis original)

highlighted, the “natural order of things” that some people are born in the prison and some people are born outside of it. At some point in the prison experience, a shortage of food occurs. The prisoners organize to elect democratically a representative from the prison population to address the food shortage. The first elected representative, who is from the Left, sees the food issue as a great injustice, but very little changes in the prison, and the prisoners still do not have enough food to eat. So they elect a representative from the Right, who also has limited power to address the food situation.

The prisoners, in fact, do not care much about the Left or Right as long as they have enough to eat. And the problem of food in the prison becomes the major issue in the agenda; people talk about nothing but the food problem in the prison. And this, the homeless person argues, is the fraud. Even if one day the problem of food in the prison is resolved, either by the Left or the Right, the situation will remain unchanged: they will have enough to eat, but they will still be in the prison. Politics, he concludes, is not about the food in the prison, but about the very prison. (Dikec, 2005: 173)

The prison that needs to be addressed by politics—and, ultimately, policy—is, in my view, the capitalist property relations and the ownership model of private property.

As Blomley (2004: xvii) suggested, property “is understood in largely political and legal terms, characterized by a particular and potent mix of rights, jural relations, ideologies and exclusions. To invoke property is to summon up both formally prescribed rights as well as nonjusticiable, yet still powerful, understandings of ownership and entitlement. It is to recognize that property is deeply social and political...” In the “ownership model” of property relations, property is imagined as private, “with the solitary owner exercising exclusionary rights over a bounded space. While property may be public (that is, held by the state), it is rarely imagined as collective” (Blomley, 2004: xiv). The ownership society is clearly productive of and produced by capitalist social relations, in which private property is a key component of the circulation of capital (Harvey, 1989; Smith, 2010). Emphasis on private ownership in housing policy, as the articles in this symposium section explore, does not fundamentally address the ownership model; or, to invoke the prison-food story, mixed-income housing that relies on property ownership in a neoliberal capitalist political economy remains in the domain of a food question. Recognizing the prison structure is, I would argue, an important way forward. In the absence of revolution or proper politics (Ranciere, 2001), however, the very issue of providing housing to those who are marginalized by capitalist property relations is not a task to be ignored. In this vein, then, I think it is important to look to the articles in this section to explore how the ownership model of (private) property relations has become increasingly dominant on both sides of the Atlantic.

The authors of both articles make it clear that the private ownership of housing has become an aspirational model for housing policy, as seen in the ways in which the state has relinquished control of state-owned property to market relations, such as project-based housing to HOPE VI in the United States and RTB in the United Kingdom. In fact, with a simple table, Kleinhans and van Ham note the significant shift in tenure distribution in housing in England and Wales between 1981 and 2011, whereby 69 percent of the population were private property owners or renters in 1981 versus 82 percent in 2011. This shift has been the product of constantly embattled public housing, as noted in Fraser, Chaskin, and Bazuin, and very powerful discourses around the efficiencies of the private property market, which ultimately serve private interests.

The authors of these articles make clear that the results of this shift to the privatized delivery of housing have been mixed at best. Kleinhans and van Ham rightfully analyze findings associated with the effects of RTB on neighborhoods, a much-needed scale of analysis. As Kleinhans and van Ham explore, RTB is intended to stimulate homeownership. As they demonstrate through careful combing of a large body of literature, the effects of the policy in recent decades have been to advantage better off, economically active tenants who generally live in more attractive properties in more desirable areas. The result is, as they argue, to further marginalize already marginalized regions of cities or to contribute to *residualization*, or the growing concentration of poor or economically inactive households in certain areas. They note that RTB has created a wider gulf in terms of “desirable” neighborhoods and those that were made increasingly undesirable.

Kleinhans and van Ham include an important dimension in their analysis of RTB: that of the time horizon of impactful change. That is, in their attempt to evaluate neighborhood stability (a desired goal in the RTB housing policy), they separate out the short-term wave (directly after a wave of RTB sales to sitting tenants) and stability in the longer term. In the short term, neighborhoods experience some stability, but as the RTB owners decide to trade up through the sale of their properties (thus engaging in the private property market) or to lease their properties, neighborhood stability becomes compromised. The ownership model of property relations, then, does little to achieve the goals of housing policy as set out by U.K. and U.S. governments.

So what are the possibilities? What are the landscapes, discourses, and actions indicating that there are ways to exist beyond capitalist property relations and their logics? In addressing these questions, Gibson-Graham (2006: xxi) argued for a retheorization of capitalism and encouraged a rethinking of the “tendency to constitute ‘the’ economy as a singular capitalist system or space rather than as a zone of cohabitation and contestation among multiple economic forms.” Gibson-Graham suggested that alternative imaginaries, languages, subjects, and collective action are possible to remake the dominance of the hegemonic forms of capitalist economies and the spaces they produce (Gibson-Graham, 2006, 1996). Although the authors of the articles in this *Cityscape* symposium are not tasked specifically with this challenge, they point to openings and possibilities for progressive policies around housing society’s poor households.

As Fraser, Chaskin, and Bazuin make clear, housing policy alone cannot address the myriad problems associated with poverty in the United States. Their very important piece first and foremost refocuses the discussion on housing policy to ameliorating the experience of poverty (instead of discussing housing policy as an economic development tool). They rightly point out that many of those engaged in mixed-income policies and programs lack a coherent theory of change and a focus on structural factors “from the shifting nature of economic opportunity (and constraint) under global capitalism to the enduring effects of racism and racial inequality and the uneven distribution of quality public goods like education—[that] fundamentally shape individuals’ experiences of poverty and their access to avenues out of it.” Their suggestion is to focus on the holistic community through a system of supports for low-income residents and collectivizing strategies rather than to have an isolated focus on the private ownership of building structures.

Fraser, Chaskin, and Bazuin insist that housing policy discussions should include mention of social services and supports, employment, and neighborhood life—and even a reimagination of the ownership model. They suggest policy that would enable HOPE VI-subsidized renters to purchase

their properties—but not through the standard private property market. Instead, a la Gibson-Graham (2006, 1996), Fraser, Chaskin, and Bazuin advocate shared-equity housing and the use of community land trusts to remove the profit motive from the ownership model. This idea is creative and collective, and it challenges the exchange-value dimension of capitalist property relations. Furthermore, by suggesting childcare cooperatives, community gardens, inclusive neighborhood associations, and other subsidized services and collectivized efforts, they encourage a reimagining of the (neoliberal) ownership model, which they (and scores of others) have indicated contributes to the continued marginalization of the poor population.

In sum, now is an exciting time to engage in questions of neoliberal housing policy that document the deleterious effects of existing policies and the problematic conditions for individuals, neighborhoods, and cities that they produce. Ultimately, though, creatively addressing and replacing the private ownership model of property relations is, I suggest, the way out of the prison.

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## **Commentary**

*These comments relate to the articles in this Cityscape symposium by Fraser, Chaskin, and Bazuin and by Kleinhans and van Ham.*

# **Mixed-Income Housing: Where Have We Been and Where Do We Go From Here?**

**Derek Hyra**

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## **Introduction**

For at least the past 20 years, the urban development field has put forth a substantial effort on investigating the merits (and shortfalls) of mixed-income housing. A key assumption that the field makes is that low-income people somehow benefit when high-, middle-, and low-income people live within the same neighborhood, census tract, or building (Joseph, 2006; Wilson, 1996). Scholars struggle with demonstrating whether this assumption and components of it are correct, however (Bacqué et al., 2011; DeFilippis and Fraser, 2010; Fraser and Kick, 2007; Graves, 2011; Joseph and Chaskin, 2010; Kleinhans, 2004; Tach, 2009). This timely symposium and, specifically, the two preceding articles, attempt to unpack, both domestically and abroad, some of the mechanisms by which mixed-income housing potentially produces favorable outcomes for neighborhoods and, in particular, low-income residents.

My brief remarks present a mixed-income housing background and glean what we have learned from the current mixed-income research. I discuss some of the potential mechanisms that might facilitate mixed-income housing benefits for low-income people. I conclude with a discussion of the likely locations of future mixed-income developments. My hope is to contribute to and broaden the mixed-income housing policy conversation so future policies have a greater potential to facilitate the emergence of more inclusive, sustainable, and equitable living environments (Been et al., 2010).

## **Background**

The late-20th century focus on U.S. mixed-income communities grew, in part, out of the desire to ameliorate concentrated inner-city poverty (Jargowsky, 1997; Massey and Denton, 1993; Turner, Popkin, and Rawlings, 2009; Wilson, 1996). Scholars and policymakers were troubled that the number of high-poverty neighborhoods in metropolitan America doubled from 1970 to 1990

(Jargowsky, 1997). They were also reacting to neighborhood-effects studies suggesting that concentrated poverty limited, beyond personal and family characteristics, the individual life chances of people who lived in these dire circumstances (Brooks-Gunn, Duncan, and Aber, 1997; Galster, 2010; Jencks and Mayer, 1990). Parallel circumstances, with the rise of socially excluded and impoverished areas, were also occurring in Western Europe (Castañeda, 2012; Hargreaves, 2007; Musterd, Muire, and Kesteloot, 2006).

The U.S. Department of Housing and Urban Development deployed the main domestic policy attempts to address concentrated poverty in the 1990s and 2000s. These policies included the Empowerment Zone initiative (Hyra, 2008), the Moving to Opportunity demonstration project (Briggs, Popkin, and Goering, 2010), and the Housing Opportunities for People Everywhere (HOPE VI) program (Cisneros and Engdahl, 2009; Goetz, 2011a, 2003; Hyra, 2012a; Vale, 2002). In addition, the U.S. Department of the Treasury's Low-Income Housing Tax Credit (LIHTC) program was also associated, to a lesser extent, with the production of mixed-income housing (Erickson, 2009; Schwartz, 2010). Collectively, but by different policy mechanisms, these U.S. programs have been associated throughout the country with the production of mixed-income neighborhoods where poverty once concentrated (Goetz, 2011b; Hyra, 2012a).

As Reinout Kleinhans and Maarten van Ham point out in this symposium, the mixed-income housing phenomenon has also been experienced and promoted by national policies in many parts of Western Europe. Homeownership strategies, such as the United Kingdom's Right to Buy program, and other public housing and neighborhood redevelopment policies, including France's *Zones Franches Urbaines* (Free Zones), *Solidarité et Renouvellement Urban* (Solidarity and Urban Renewal), and the *Borloo* laws, have been associated with mixed-income neighborhood formation (Blanc, 2010; Bridge, Butler, and Lees, 2012; Davidson, 2010; Dikeç, 2007; Gilbert, 2011).

## What Have We Learned About Mixed-Income Housing?

As noted throughout this symposium, the current outcomes related to mixed-income housing have been controversial and heavily scrutinized (for example, Imbroscio, 2008; Smith, 2006). The outcomes have been mainly in two categories thus far: neighborhood-level and people-focused outcomes (Hyra, 2012a). At the neighborhood level, investments associated with the creation of mixed-income communities have been correlated with neighborhood revitalization in some areas (Turbov and Piper, 2005; Zielenbach, 2003; Zielenbach and Voith, 2010). Some have viewed this pattern of redevelopment as a positive force (for example, Ehrenhalt, 2012; Freeman, 2006; Vigdor, 2002), whereas others have seen it as related to gentrification and displacement (for example, Bennett, Smith, and Wright, 2006; Goetz, 2011b). At the individual level, perceptions of neighborhood safety seemed to increase for people living in areas that economically transformed from low- to mixed-income neighborhoods (Joseph and Chaskin, 2010) and when individuals move from high-poverty communities to more mixed-income environments (Popkin, Leventhal, and Weismann, 2010). Living next to more affluent people, on average, does not seem to be related to increased employment levels among low-income individuals, however, and meaningful social interactions across race and class are minimal (Chaskin and Joseph, 2011; Chaskin, Khare, and Joseph, 2012; Tach, 2009).

## How Can We Make Mixed-Income Living Situations Better?

Although mixed-income communities have not produced many of the anticipated outcomes in the short run, several potential enhancements can be made to the standard mixed-income community policies that we have witnessed in the past 20 years in North America and Western Europe. By *standard*, I refer primarily to policies that attempt to deconcentrate poverty from particular places by razing subsidized housing and building replacement mixed-income housing developments serving people with a range of incomes. Although this approach has some merits, it is often implemented in a way that is not very beneficial to low-income tenants and often reproduces, if not exacerbates, existing social and economic inequalities. The following suggestions, some of which parallel and underscore points made by James C. Fraser, Robert J. Chaskin, and Joshua Theodore Bazuin in their article in this symposium, are intended to stimulate community revitalization that maximizes benefits to low-income individuals. These recommendations are based on the scholarly research and my practical experience as a chair of a public housing authority engaged in producing mixed-income developments.

### Minimizing Residential Displacement

New mixed-income developments rarely replace the number of subsidized units available before redevelopment (Joseph and Chaskin, 2012; Marquis and Ghosh, 2008), and many low-income tenants are displaced when mixed-income development policies are implemented (Fullilove and Wallace, 2011; Goetz, 2011b). Mixed-income development policies should be altered to ensure that, when financially feasible, every affordable unit that is razed to produce mixed-income developments is replaced within or near the new development sites. Replacing razed subsidized units will minimize residential displacement associated with mixed-income development, giving low-income residents the potential to benefit from the regenerating of the community within which they live.

### Minimizing Political Displacement

Although preventing residential displacement is extremely important within the context of gentrifying mixed-income communities, it is not sufficient for cultivating a social environment in which low-income people can ultimately benefit from urban regeneration and mixed-income housing (Hyra, 2012b). When upper-income people move into low-income areas, the newcomers often, sometimes unintentionally, wrest political power from long-term residents by joining existing or starting new civic associations (Hyra, 2008). The loss of political power among longstanding residents can lead to increased mistrust and civic withdrawal by low-income people, further exacerbating preexisting social inequalities and isolation (Chaskin, Khare, and Joseph, 2012; Knotts and Haspel, 2006; Martin, 2007).

Policies aimed at minimizing political displacement are critical when more affluent people move to a low-rent district to create a mixed-income living environment. Mechanisms include setting aside certain political positions for longstanding residents or creating organizations that have a shared leadership structure between new and existing residents. If low-income people are able to maintain some political power, they will be able to guide the development in a way that recognizes the neighborhood's multiple tastes, preferences, and perspectives.

One clear policy to help ensure greater political equity in mixed-income living environments is to establish inclusive resident associations that incorporate the views of low-, middle-, and high-income residents. Many mixed-income developments supported with HOPE VI funds have separate resident associations for subsidized renters and market-rate homeowners, even within the same building or development. Market-rate homeowners typically control common areas and spend the homeowners' association assessments on priorities that match their preferences, whereas the subsidized residents are often unable to vote in the distribution of resources that affect their immediate living environment. This political segregation and inequality within mixed-income developments can exacerbate preexisting inequalities and stimulate conflict rather than cooperation among residents of various income levels. Creating equitable resident power structures that promote mutual interest and inclusivity may be vital to having stable and just mixed-income environments. Such a structure might stimulate more meaningful social interactions across race and class.

### **Minimizing Cultural Displacement**

If political equity is not maintained, the built and social environments in a transitioning mixed-income community might develop in a way that favors and reflects the preferences of the more affluent group (Hyra, 2012b). If the emerging built and social environments represent the preferences of only newcomers, longstanding residents may lose their attachment to place and be more inclined to move out of the community. The exodus of low-income people might result in a homogenous community that is not economically or culturally diverse. In transitioning mixed-income communities, steps are necessary to preserve community symbols important to low-income residents. Furthermore, representatives of lower income groups should, for the most part, spearhead the cultural preservation effort (Lin, 2011). If external community interests head the preservation effort, some community residents might not embrace it, particularly if the preservation initiative is perceived as stimulating displacement (Inwood, 2010).

### **Facilitating Meaningful Social Interactions**

Many studies indicate that low- and high-income residents who live in close proximity will not interact much without facilitation (Chaskin and Joseph, 2011; Chaskin, Khare, and Joseph, 2012; Tach, 2009). In mixed-income communities, it is important to have events that bring people together around a common purpose so they begin to learn about one another and build trusting relationships. These events can be community gardening, as noted by Fraser, Chaskin, and Bazuin, or beautification initiatives, cultural festivals, or other events important to both new and longtime residents. Organizing these events might be facilitated by the creation of an inclusive resident association of the kind I described previously, in which all tenants have an equal say in setting the social agenda of the mixed-income living environment.

Public and private community common spaces are often branded and associated with certain income or other demographic differences, and it is important that "third spaces" are developed within mixed-income communities (Oldenburg, 1999). In transitioning mixed-income communities, it is important to develop new, neutral third spaces where all people feel safe and take ownership of the space, such as new libraries, community centers, or coffee shops. These places can be breeding grounds for the development of what Elijah Anderson has identified as the "cosmopolitan canopy," wherein tolerance for racial, income, or other differences seems to proliferate (Anderson, 2011).

## **Ensuring Income Diversity**

Sometimes, the built environment dictates the income mix within a community. In mixed-income communities, it is important to have housing that serves an array of income types. Occasionally, the income mix is too polarized, with extremely affluent people living next to very impoverished folks. For instance, in a HOPE VI site in the Washington, D.C. suburb of Alexandria, Virginia, households that make more than \$150,000 a year live next to those that earn less than \$15,000 a year. In these situations, the social class difference might be too great to foster common understanding and interests on a range of topics. A housing stock that serves middle-income folks and bridges the two extreme income levels might be important (Chaskin, Khare, and Joseph, 2012; Pattillo, 2007). Mixed-income policies should ensure that high-, middle-, and low-income people are served by the existing and newly built housing stock in mixed-income communities.

## **Tackling and Addressing Ethnic, Racial, Religious, and Other Differences**

Mixed-income policies often do not directly address ethnic and racial differences, although income diversity often signals racial diversity because of preexisting inequalities (Oliver and Shapiro, 1995). Beyond class differences, mixed-income community policies must tackle challenges stemming from racial, ethnic, religious, and sexual-orientation differences (Brown-Saracino, 2009; Maly, 2005; Modan, 2007). Mixed-income policies should consider ways to address disputes that arise from distinctions associated with income but that are not solved through promoting income equality. One approach is to create or bolster existing civic organizations in and around mixed-income developments that help to educate and promote tolerance for difference and celebrate diversity.

## **Where Is the Future of Mixed-Income Development in the United States and Abroad?**

During the past 20 years, the mixed-income neighborhood focus has been mainly in the inner-city areas where poverty once concentrated. In the past decade, many of these inner-city areas have been redeveloped and gentrified through a process I labeled the “new urban renewal” (Hyra, 2012a, 2008) and others have called the “great inversion” (Ehrenhalt, 2012). While development of the inner city has occurred, poverty has become more heavily concentrated in certain inner suburbs (Allard, 2009; Allard and Roth, 2010; Kneebone and Garr, 2010; Orfield, 2002). In Western Europe, some inner suburbs have dense concentrations of public housing (Gilbert, 2011; Wacquant, 2008). In the coming decades, the new pioneering, emerging housing market areas will be in low- and moderate-income inner suburbs (Charles, 2011; Dunham-Jones and Williamson, 2011).

The future of mixed-income development will be in inner suburbs, where the housing stock is outdated and there are concentrations of poverty and people of color. For instance, one of the largest U.S. suburban mixed-income projects is occurring in Alexandria, Virginia. In one city section known as the Beauregard area, more than 2,500 units of low- and moderate-income, private-market rental housing will be razed to make room for higher income market-rate housing. In the Beauregard area, people of color comprise approximately 70 percent of the population. Of the 2,500 housing units to be razed, 800 will be preserved and incorporated as mixed-income housing. Most of the

affordable housing will be financed through city and developer contributions, but some will likely entail LIHTC financing. Because HOPE VI is, for the most part, no longer operating, mixed-income developments will most likely be accomplished with LIHTCs and New Markets Tax Credits.

In the United Kingdom and France, much of the public housing is in the urban periphery and inner suburbs. Through a combination of razing some subsidized buildings and upgrading others, certain fringe urban areas are beginning to gentrify and achieve greater income mixes (Bacqué et al., 2011). Examples of this pattern of periphery redevelopment can be witnessed in Hackney on the outskirts of London, England (Wessendorf, 2011), and in Vénissieux on the outer edge of Lyon, France (Gilbert, 2009). It seems likely that mixed-income housing in both North America and Western Europe will increasingly occur in the outer urban periphery and inner suburban areas as opposed to the urban core.

## Summing Up

Mixed-income housing policies have been associated with residential displacement. Although preventing residential displacement is an important step, it is insufficient for ensuring that low-income people benefit from income mixing. The promise of mixed-income communities assumes that people of various backgrounds will cooperatively interact to provide greater opportunities for economic and social advancement. Policymakers, scholars, practitioners, activists, and residents should consider several mixed-income policy alternatives to better ensure that people interact in meaningful and constructive ways. Preventing residential, political, and cultural displacement and developing neutral spaces of civic engagement are good places to start to ensure that people of diverse incomes, backgrounds, and experiences prosper in inclusive and equitable urban and suburban living environments.

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# **Examining Mobility Outcomes in the Housing Choice Voucher Program: Neighborhood Poverty, Employment, and Public School Quality**

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## **Abstract**

*Low-income housing policies seeking to deconcentrate poverty and increase opportunities through mobility have produced mixed results. The Moving to Opportunity (MTO) program, for example, resulted in some beneficial outcomes for low-income households moving from high- to low-poverty neighborhoods, but it did not produce the widespread positive effects anticipated by many policymakers and researchers. The Housing Choice Voucher Program (HCVP) does not require moves to low-poverty neighborhoods, as MTO did, but rather it relies on a weaker policy of choice to achieve more income-diverse neighborhoods. As compared with what researchers have learned about the MTO participants, less is known concerning the mobility behavior and outcomes of HCVP recipients. Using survey data from voucher holders under the jurisdiction of two local housing authorities in California combined with secondary data from multiple sources, this article examines a range of outcomes, including neighborhood poverty rates, employment, and school quality, associated with mobility in the HCVP. The results of the analyses show that movers did not have better outcomes than nonmovers but, compared with conditions in their previous residence, movers lived in neighborhoods with lower poverty rates and better school quality after they moved. By contrast, employment for movers dropped significantly from before to after their moves.*

## **Introduction**

Compelling arguments about the harmful effects of poverty concentration contributed to a shift in federal policy during the past two decades. Support for the development of large public housing projects, common before 1970, faded, and approaches to promoting mixed-income environments were at the center of the policy discourse. The rehabilitation of public housing through Housing Opportunities for People Everywhere (HOPE VI) and policies aimed at discouraging poverty concentration in the Housing Choice Voucher Program (HCVP) emerged as strategies to thwart the replication of social problems in impoverished communities. Strong empirical evidence of the effects of these policies was notably limited at the time of their initial implementation.

Debates about policies promoting poverty deconcentration and mixed-income living environments are informed increasingly by empirical research in the United States and abroad; however, the research evidence as a whole remains mixed, with some purported benefits unsupported by the research (see Bolt and Van Kempen, 2011; Joseph, Chaskin, and Webber, 2007; Sanbonmatsu et al., 2011; and Sautkina, Bond, and Kearns, 2012). Much of our recent knowledge about poverty deconcentration comes from research on the Moving to Opportunity (MTO) program, a long-term, five-site experiment designed to discern the effects on low-income households of moving with housing assistance from high- to low-poverty neighborhoods. Researchers considered a wide range of potential MTO effects, including on individuals' mental and physical health, employment and economic conditions, educational attainment, criminal and risky behavior, social networks, and living environments (Sanbonmatsu et al., 2011).

MTO provided a wealth of information about the effects of mobility from high- to low-poverty neighborhoods within the context of a carefully designed experiment. The purpose of the experiment was to identify cause-and-effect relationships more clearly. In the social world, however, it is difficult to design such a policy experiment without limitations and to account for all, even most, possible influences on the variable of interest. Researchers have documented these shortcomings for MTO, which among others include the use of neighborhood poverty rate alone to capture troubled living environments, a lack of initial attention to proximate neighborhoods that might affect a target neighborhood, the number of participants, and the differences in site contexts and study designs that muddle the generalizability of the findings (see Briggs, Popkin, and Goering, 2010; and Goering, Feins, and Richardson, 2003). Despite these limitations, MTO offers valuable results that indicate that neighborhood poverty levels matter for some social outcomes, and it raises questions and motivates discussion about future housing policies and research evaluation designs.

MTO, by virtue of its design, operated differently than does the regular HCVP. The HCVP policies support residential mobility with the hope that voucher holders will improve their circumstances by moving, but it does not require any subset of clients to locate in lower poverty neighborhoods. Federal performance assessment of local housing authorities (LHAs), the agencies charged with local administration of the voucher program, explicitly values poverty deconcentration as part of the program. As a result, LHAs may set payment standards to try to encourage voucher holders to locate in low-poverty areas; nevertheless, voucher holders may choose neighborhoods for personal reasons rather than poverty levels (Basolo and Nguyen, 2009, 2005; Williamson, Smith, and Strambi-Kramer, 2009). These policies appear too weak to greatly influence voucher holders'

residential location decisions and noticeably affect poverty concentration among voucher holders at the regional scale. That is, they are very unlikely to produce mixed-income neighborhoods on a widespread basis.

Housing policy researchers support the conclusion that the HCVP does not induce significant poverty deconcentration (McClure, 2008; Varady, 2010). The HCVP has been studied far less intensely than the MTO program, however, with little attention to the range of possible outcomes associated with voucher-holder mobility. This article examines a set of outcomes using unique microlevel data for voucher holders under the administration of two LHAs in the same California county. In addition to considering the poverty rate in voucher neighborhoods, this research also investigates employment outcomes for voucher holders and school quality, a potentially key factor in the prospects for children of voucher holders. Specifically, the research explores the following questions.

1. What factors are associated with neighborhood poverty levels, employment status, and school quality? Particularly, are these outcomes different for movers versus nonmovers in the voucher program?
2. Are neighborhood poverty levels, employment status, and school quality different before and after residential relocation for the movers in the voucher program?

In the next section, I provide a brief overview of the rationale for mobility in housing programs and a summary of key research findings from programs aimed at deconcentrating poverty and fostering mixed-income environments. I then provide a discussion of the methods and data. I follow with a brief overview of the county and the LHAs associated with the voucher holders in this study, the descriptive statistics, and other analyses (including multivariate models) aimed at answering the research questions. The final section presents the research and policy implications of this study's findings.

## **Persistent Poverty and Policy: Mobility, Mixing Incomes, and Poverty Deconcentration**

For decades, scholars and policy researchers have argued that residential space and location affect individual outcomes and that social structure is replicated through space (see Bolt and Van Kempen, 2011; Jargowsky, 1997; and Lefebvre, 1991). Of particular interest to urban and housing researchers is the longstanding concern with the effects of geography on social outcomes, principally the relationship among spatial location, the persistence of poverty, and individuals' health and welfare.

Scholarly contributions from Lewis (1966, 1959) concerning poverty in Mexican and Puerto Rican families sparked an early debate on intergenerational poverty. Lewis asserted that the responses of low-income people to their circumstances resulted in a subculture of poverty, which created seemingly insuperable barriers to exiting the impoverished lower class. Lewis influenced the poverty policy discussion in the 1960s, as evidenced by findings from a 1965 U.S. Department of Labor (DOL) report. The report, commonly known by the eponymous title, the Moynihan Report, was an analysis of poverty that focused on African-American families. The author of the report, Daniel Patrick Moynihan, asserted that cultural pathologies in low-income, African-American communities perpetuated a cycle of poverty (Gans, 2011; O'Connor, 2001).

The Moynihan Report was a DOL internal report and was not intended initially for widespread distribution. Aspects of the report became known publicly, however, and drew heavy criticism from social activists and others. This controversy essentially overwhelmed the totality of the report and rendered it ineffective as support for public policy change (Massey and Sampson, 2009; Wilson, 2009).

The scholarly debate about poverty, especially intergenerational poverty, in the 1960s coincided with social turmoil, social action, and new social policies. For housing policy, a landmark event during this period was a class action lawsuit, *Gautreaux v. Chicago Housing Authority*, filed in 1966. The plaintiffs charged racial discrimination by the Chicago Housing Authority (CHA) and the U.S. Department of Housing and Urban Development (HUD) based on the concentration of public housing projects in primarily African-American neighborhoods and the segregation of public housing tenants by race into neighborhoods of the same race. As one of the attorneys in the case wrote about this period, “The CHA is now a black system. Its tenants and applicants were mostly black, and its developments were practically all in black neighborhoods” (Polikoff, 2006: 48). Race was clearly the central issue in the Gautreaux case, but it was inseparable from poverty in this instance given the population of public housing residents. The Gautreaux case faced many legal challenges and was not resolved quickly, but ultimately the plaintiffs prevailed and the U.S. Supreme Court instructed the CHA to deconcentrate the African Americans served by its public housing. To accomplish this charge, the CHA was to build scattered-site public housing that would not concentrate these developments in African-American neighborhoods and would provide opportunities for African Americans in scattered-site public housing to live in majority-White neighborhoods. Ultimately, slow implementation by the CHA and the Court’s ruling concerning HUD’s responsibilities in the case resulted in an approach that used rental certificates and relocation counseling to move low-income, central-city, African-American households to predominantly White Chicago suburbs (Gill, 2012; Polikoff, 2006).

The Gautreaux program<sup>1</sup> has been studied intensely by researchers. Findings from this research show that moves, on average, resulted in lower neighborhood poverty rates and that movers reported better residential conditions after moving (DeLuca et al., 2010; Popkin and Cunningham, 2002). Rosenbaum (1995) found that movers to more affluent, majority-White neighborhoods were more likely to have jobs than the comparison group who moved to low-income, majority-African-American neighborhoods within Chicago. In a more recent analysis of employment outcomes using supplementary data from official sources, however, Mendenhall, DeLuca, and Duncan (2006) found that certain characteristics of the neighborhood, not their urban or suburban location, affected these outcomes. Of particular interest to researchers were outcomes for children. Based on her qualitative study, Keels (2008: 242) wrote that Gautreaux participants “... spoke of the desire to improve all aspects of their children’s developing environments (neighborhood, housing, school, and peers).” Improved school quality was expected to be an institutional change that would produce better educational outcomes for Gautreaux children. Research reveals that Gautreaux parents noted the high standards of their children’s suburban schools and had a positive view of these

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<sup>1</sup> The discussion in this article focuses on the original Gautreaux program, referred to as “Gautreaux One,” which was active into the late 1990s. “Gautreaux Two” was initiated in 2002, with race and income as explicit considerations for neighborhoods receiving participants (see Duncan and Zuberi, 2006).

schools' academic quality (Keels, 2008; Rosenbaum, 1995). Initially, Gautreaux children had some adjustment issues at suburban schools, but over time, research shows that children of suburban movers had a lower high school dropout rate and a higher college-attendance rate than children of city movers (Rosenbaum, 1995).

The Gautreaux program and related research continued, as social observers resurrected the culture-of-poverty thesis in the 1980s. Arguments elucidating the structural barriers that low-income people faced countered aggressive arguments touting a middle-class model and calling for an end to social programs, including housing subsidies (O'Connor, 2001). William Julius Wilson, a distinguished sociologist, did not dismiss individual or structural arguments. In his book, *The Truly Disadvantaged*, Wilson (1987) argued that poverty, especially in the African-American ghettos in the United States, is the result of a complex set of historical, structural, economic, and situational factors. A few years later, he wrote that these factors "... cannot be reduced to the easy explanations of a 'culture of poverty' that have been advanced by those on the right, or of racism, posited by those on the left" (Wilson, 1992: 641).

These arguments concerning the causes of poverty were not merely academic, because the persistence of poverty was a social problem without an effective policy. This argument, however, seemed to get quieter as positive results emerged from the Gautreaux program. These results gave policy observers and policymakers a reason to be optimistic that poverty deconcentration could provide real opportunities to low-income people and break the cycle of poverty. Concerns persisted, however, that the Gautreaux program was not designed to make strong causal statements and, thus, results should be interpreted cautiously.<sup>2</sup> In this context, MTO was conceived and began implementation in 1994.

MTO aimed to evaluate the effects of mobility from high- to low-poverty neighborhoods for low-income households with housing assistance. Designed as an experiment, MTO consisted of three groups: an experimental treatment group, (high- to low-poverty neighborhood movers), a Section 8 (HCVP) treatment group, and a control group. Implemented in five cities around the country, it was designed as a long-term experiment with the goal of making causal claims. Although researchers have discussed MTO's research limitations—including the varying contexts across sites, number of subjects, and proximate-neighborhoods issue—the experiment and its results remain some of the most valuable research contributions to low-income housing policy (Briggs, Popkin, and Goering, 2010; Sanbonmatsu et al., 2011).

Analyses of the MTO program produced a range of results about physical and mental health, social interaction, employment, wages, housing quality, neighborhood conditions, feelings of safety, school quality, and educational and other outcomes for children. The following is a select set of results from the final evaluation.<sup>3</sup> First, the final results show that residential quality, as measured by the poverty rate, improved for the treatment groups as compared with the control group, but the magnitude of this effect lessened over time (Ludwig, 2012). Second, in the long term, MTO

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<sup>2</sup> See DeLuca et al. (2010) for a discussion of the shortcomings of the research design used to assess the Gautreaux program.

<sup>3</sup> A more detailed discussion of the MTO program and its results appears in a recent issue of *Cityscape* (volume 14, number 2) and in the HUD final report (Sanbonmatsu et al., 2011).

had no effect on employment. During the course of the program, employment rates varied for the groups and slightly over time. In fact, the experimental group had lower employment rates initially, possibly because the move caused an employment disruption, but other explanations are also likely. By the end of the experiment, however, no real differences in employment rates emerged among the groups (Sanbonmatsu et al., 2012). Third, analyses found that MTO resulted in minimal and mixed effects on school quality (Sanbonmatsu et al., 2011).

The Gautreaux and MTO programs focused on deconcentration, or neighborhood racial and income mixing. Federal policy also promotes mixed-income communities through the HOPE VI program, an initiative aimed at the redevelopment of public housing sites.<sup>4</sup> HOPE VI is different than the neighborhood mobility programs in scale, intervention, and other characteristics. For this reason, HOPE VI research results are not directly comparable with results from the other programs. The HCVP operates at the neighborhood scale, similar in this respect to the Gautreaux and MTO programs, but it is different in that it relies on voucher holders to deconcentrate poverty through their choices without strong support from the program.<sup>5</sup> Therefore, although results from other mobility programs inform HCVP research and practice, it is important to study the HCVP as implemented routinely by LHAs to gain an understanding of voucher holders' decisions and outcomes concerning residential location.

Research on the HCVP is relatively limited given the size and importance of the program.<sup>6</sup> Nonetheless, existing studies have provided some important results.<sup>7</sup> For example, immigrants and minorities in the voucher program tend to live in more distressed neighborhoods than do nonimmigrants and nonminorities (Basolo and Nguyen, 2009; Pendall, 2000), but HCVP movers experience better neighborhood conditions, less minority-concentrated neighborhoods, and neighborhoods with lower poverty rates (Basolo and Nguyen, 2005; Climaco et al., 2008). Although these results are valuable, researchers have not examined the range of outcomes considered in the Gautreaux and MTO programs for voucher holders in the regular HCVP.

## Methods and Data

This research was designed to answer questions about housing voucher households and their decisions concerning residential choice. The study, therefore, required household- or individual-level data that included voucher holders' addresses, residential preferences, socioeconomic characteristics, and other microlevel data. Whereas researchers can access summary LHA administrative data on voucher holders via the HUD website, microlevel address data are not publicly available on this

<sup>4</sup> See Kleit (2005) and Kleit and Manzo (2006) for research on public housing households' decisions and outcomes related to HOPE VI.

<sup>5</sup> Researchers have written about the HCVP's and other mobility programs' limitations to achieve policy goals, with suggestions for improving opportunities for the recipients of housing assistance (see Briggs and Turner, 2006; McClure, 2010).

<sup>6</sup> HUD's 2009 "A Picture of Subsidized Households" reported 2,233,628 units in the program nationwide. See <http://www.huduser.org/portal/datasets/assthsg.html>.

<sup>7</sup> See Varady (2010) for a review of the recent literature on mobility programs, including research on the HCVP.

site.<sup>8</sup> Schultheis, Russ, and Lucey (2012) observed that the lack of easily accessible location data for voucher households has been problematic for researchers concerned with voucher holders' spatial outcomes. These researchers noted that LHA's administrative data include location information that may be available to researchers who partner with an LHA and provide certain assurances concerning confidentiality. For this study, I took a collaborative approach, partnering with two LHAs in Orange County, California, to select a representative sample of voucher holders from each LHA's population and to acquire specific administrative data, including addresses of the voucher holders in the samples.

These administrative data were necessary for the research, but they were inadequate to analyze the full range of questions associated with the study. For this reason, the research was designed to collect additional, detailed microlevel data via a mail sample survey of voucher holders. The two LHA partners were the Santa Ana Housing Authority (SAHA) and the Orange County Housing Authority (OCHA). For the SAHA, the survey sample ( $n = 830$ ) consisted of approximately 32 percent of the population (with oversampling for movers) and, for the OCHA, the survey sample ( $n = 2,010$ ) was about 25 percent of the population of voucher holders (with oversampling for families).

The initial draft of the survey questionnaire was based on the study's goals and informed by previous studies in the literature. LHA staff reviewed the questionnaire and provided suggestions to improve its clarity and content; a revised draft questionnaire was prepared for the formal pretest. The LHAs assisted in recruiting current voucher holders to participate in focus groups and to pretest the questionnaire. After the focus groups, slight revisions were made to the questionnaire, which was then finalized for implementation in the field. At this point, guided by the available demographic information for the voucher-holder population in Orange County, survey materials were translated into Spanish and Vietnamese and, to ensure accuracy, bilingual LHA staff reviewed the translations.

The survey design followed methods recommended by Dillman (2000) to optimize the response rate. For example, an introduction letter, describing the study and signed by the researcher and an LHA representative, was mailed to the respondents with the survey. The letter provided the same information in three languages—English, Spanish, and Vietnamese—and offered to provide the questionnaire in the voucher holder's preferred language.<sup>9</sup> The initial mailing was followed by a reminder postcard and, for nonrespondents, letters with a copy of the survey were mailed again, twice if necessary, at 2- to 3-week intervals.

The survey field period lasted for 5 months and concluded in August 2002. Response rates for the two areas were a concern from the planning stage of the project, because the literature suggests that certain characteristics associated with the voucher population, such as race, low incomes, and lower educational achievement, may affect survey response rates, although these results have varied across studies (DeMaio, 1980; Hennigan et al., 2002; Krysan et al., 1994). The response rates, however, were good for both LHAs, with 63 percent ( $n = 1,268$ ) from the OCHA group and 56.3 percent ( $n = 467$ ) in the SAHA sample.

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<sup>8</sup> These data are contained in the "Resident Characteristics Report," which can be viewed and downloaded at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/systems/pic/50058/rtr](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/systems/pic/50058/rtr).

<sup>9</sup> Survey questionnaires were completed in Spanish, Vietnamese, and, in one instance, Farsi (special request by a respondent). Across the two LHAs, however, less than 2 percent of the questionnaires were completed in a language other than English.

The current addresses of all voucher holders and the previous addresses for voucher holders who moved in the past 3 years were geocoded using Geographic Information Systems. Census-tract information from the 2000 census, summary files 1 and 3, was attached for all current and previous addresses to capture neighborhood characteristics, such as the poverty rate. School quality was measured by the Academic Performance Index (API), which is produced by the California Department of Education.<sup>10</sup> The public schools were linked to each address using district boundary maps and school-locator search engines available through individual school districts; the schools and their API scores were then added for every address in the database. Finally, select LHA administrative data (for example, contact rent) were merged with the final dataset.

The full dataset contains 1,706 cases and is used when comparing movers with nonmovers. An exception is the analysis of public school quality, which has 1,522 cases for analysis. The sample contains 570 movers, but the lack of reliable previous address and school information resulted in fewer cases for analysis, and the number varies by the focus of the analysis. In these instances, the number of cases in an analysis is shown in the corresponding exhibit.

A caveat concerning the generalization of the results from these data is necessary for several reasons. First, the analyses use unweighted data.<sup>11</sup> Second, some cases could not be confidently geocoded because of incomplete address information and had to be dropped from the analyses.<sup>12</sup> Third, school-quality data used in several of the analyses were unavailable for approximately 12 percent of the addresses in the sample.

## **Analysis**

### **Background on LHAs**

The LHAs are in Orange County, in Southern California. Orange County was historically a suburban county, with residents often referring to the *Orange Curtain*, a sociodemographic line separating Orange County from the urban conditions of Los Angeles County, its neighbor to the north. Moreover, Orange County has and had a majority White population, with a higher median income and lower poverty rate than the state of California as a whole.<sup>13</sup> Orange County has been changing, however, as its communities age and is experiencing increasing racial, ethnic, and economic diversity.

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<sup>10</sup> The California Public Schools Accountability Act of 1999 created the API score, a measure used to assess and track school performance over time. The score, which ranges from 200 to 1,000, is based on student performance on statewide testing. The California Department of Education publishes these scores annually for public elementary, middle, and high schools throughout the state. For this research, I calculated the average API for the schools serving each address; however, in some cases, it was not clear whether a school served a specific address, so that school was not included in the calculation. For most cases, I had API scores for all three schools (elementary, middle, and high), but in some cases I had to average scores for only two schools, and in even fewer cases (less than 1 percent), I had only one school's API score.

<sup>11</sup> Weighting to address oversampling in each area was not done, because the samples were combined and response analyses showed some sociodemographic differences for responders in both samples (see Basolo and Nguyen, 2009, for a more detailed discussion of the response bias analyses for these data).

<sup>12</sup> For these analyses, I filled missing values with the mean or mode of the variable, including missing values for the neighborhood poverty rate, which were a result of incomplete address information (1.2 percent of the cases).

<sup>13</sup> See Basolo and Nguyen (2009) for Orange County demographic information in 2000.

The LHAs are also operating in one of the most expensive housing markets in the state and in the country. Despite the significant price downturn in housing markets throughout Southern California, Orange County has remained a relatively high-cost housing market and now appears to be rebounding in sales volume and median price for single-family homes (Lazo, 2012). The median contract rent in Orange County consistently exceeds the state and national figures.

Orange County has four LHAs that administer the HCVP. In general, the OCHA administers approximately 50 percent more vouchers than the next largest LHA (in Anaheim) and more than four times as many vouchers as the smallest LHA in the county (in Garden Grove). Its relative size among the LHAs in the county was the reason it was selected for the study. The SAHA has the third largest voucher program in the county, but was chosen for its location in the central city of Orange County, based on size, age, demographics, and, to a lesser extent, its role as the government center for the county.

Exhibit 1 shows voucher program characteristics for the OCHA and SAHA. The characteristics for 2000 and 2004 are presented primarily because the 2002 data (the year of the survey) were unavailable from the “A Picture of Subsidized Households” dataset on the HUD website. Also, however, these data allow for temporal comparisons for each LHA and comparisons between LHAs. In doing so, I recognize that the occupancy and reporting rates vary across the years and for the LHAs.<sup>14</sup>

The indicators provide a snapshot of the occupants using voucher assistance in 2000 and how voucher holders changed during the 4-year period. Both LHAs show an increase over time in seniors (defined as residents age 62 or older) with vouchers, although the OCHA provides about 5 percent more of its vouchers to seniors than does the SAHA. In 2000, SAHA vouchers served significantly more minorities proportionately (88 percent) than did OCHA vouchers (56 percent), with only a 1-percent decrease in minority voucher holders for the SAHA and a 1-percent increase for the OCHA from 2000 to 2004. Both LHAs showed a reduction in the average number of people

## **Exhibit 1**

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### **Voucher Program Characteristics by LHA, 2000 and 2004**

<b>Voucher Program Characteristics</b>	<b>Orange County</b>			<b>Santa Ana</b>		
	<b>2000</b>	<b>2004</b>	<b>Change 2000–04</b>	<b>2000</b>	<b>2004</b>	<b>Change 2000–04</b>
Age 62 or older (%)	30.0	39.0	9.0	27.0	34.0	7.0
Minority (%)	56.0	57.0	1.0	88.0	87.0	-1.0
Average number of people in unit	2.8	2.4	-0.4	3.4	2.9	-0.5
Average annual household income (\$)	14,800	15,700	900	15,600	17,200	1,600
Average tenant portion of monthly rent (\$)	382	383	1	370	423	53
Total units	8,169	9,619	1,450	2,033	2,558	525
Occupied units (%)	79.0	98.0	19.0	93.0	99.0	6.0
Reporting (%)	100.0	91.0	-9.0	97.0	86.0	-11.0

LHA = local housing authority.

Source: U.S. Department of Housing and Urban Development, “A Picture of Subsidized Households.” Available at <http://www.huduser.org/portal/datasets/assthsg.html>.

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<sup>14</sup> The variation in reporting rates is one criticism of using the administrative data from this source, because incomplete reporting can introduce bias into analytic results.

in the units subsidized by vouchers during the 4-year period, with the SAHA exhibiting a slightly greater decrease. Interestingly, although voucher holders' average annual household income increased for both LHAs during the period, the SAHA showed a much greater increase than the OCHA (\$900 versus \$1,600).<sup>15</sup> Given the average income data, it is not surprising that the tenant portion of the rent, on average, increased more for the SAHA (\$53) than for the OCHA (\$1) over time.

## Descriptive Statistics and Analyses

The variables used in the analyses and their measurement are presented in exhibit 2. Most of the variables come from the household survey. The exceptions are the neighborhood poverty rate, which was downloaded from the U.S. Census Bureau website; the annual household income and monthly rent, which came from the LHA's client file database; and the public school quality measure (average API score). Note that the average neighborhood poverty rate for the sample is 14.8 percent, which is relatively low compared with the conventional rate of 40 percent used to identify concentrated poverty. The average API score for the sample is 665, however, much less than the California Department of Education goal of 800 for all schools.

Moves in the HCVP, in nearly every case, are the choices of voucher holders.<sup>16</sup> Although this research is primarily interested in the outcomes associated with those moves, it is helpful to briefly consider whether moving choices are associated with any basic voucher-holder characteristics.

### Exhibit 2

#### Descriptive Statistics for Variables Used in Analyses

Variables	Measurement	Mean	Std. Dev.
<b>Dependent variables</b>			
Neighborhood poverty rate	Percentage of people in poverty	0.148	0.073
Employment status	1 = employed; 0 = not	0.489	0.500
Public school quality	Average of school API scores	665.909	71.258
<b>Independent variables</b>			
Mover	1 = moved in last 3 years; 0 = did not	0.334	0.472
Age	In years	52.590	14.482
Gender	1 = male; 0 = female	0.458	0.498
Minority	1 = minority; 0 = White, not Hispanic	0.753	0.432
Foreign born	1 = foreign born; 0 = not	0.685	0.465
Marital status	1 = married; 0 = not	0.532	0.499
Child present	1 = child in household; 0 = none	0.650	0.477
Education	1 = high school graduate; 0 = not	0.667	0.472
Annual household income	In dollars	16,184.740	8,208.897
Monthly rent	In dollars	988.928	244.979
Lives in central city	1 = lives in Santa Ana; 0 = does not	0.178	0.383

API = Academic Performance Index. Std. Dev. = standard deviation.

N = 1,706.

<sup>15</sup> This difference may be attributable to the larger population of seniors in the OCHA, because they are less likely to be working and more likely to be on a fixed income.

<sup>16</sup> An involuntary move can occur through eviction or if the housing unit falls below the quality or affordability standards of the LHA.

Exhibit 3 presents a range of sociodemographic characteristics and one locational item (lives in central city) for movers and nonmovers in the sample. For the most part, movers and nonmovers appear to be very similar sociodemographically and in relation to location within the central city. They differ on only age and rent. On average, movers tended to be younger and to pay more in monthly rent.

The main analyses focus on a move within the past 3 years. Voucher holders may have moved multiple times during this period, however, or they could have been anticipating a move in the coming year. Because intentions to move and the frequency of moving are relevant to understanding mobility and also because these characteristics are rarely discussed in studies of the HCVP, in exhibit 4, I present this information for the voucher holders in the study. Voucher holders who had not moved and voucher households that had moved three or more times in the past 3 years were less likely to be planning a move in the upcoming year; however, a chi-square analysis found no statistically significant association between frequency of moves and intention to move among these voucher holders.

### **Exhibit 3**

#### Voucher Characteristics, by Mover Status

##### (a) Chi-Square ( $\chi^2$ ) Analysis

Voucher-Holder Characteristics	Mover		Nonmover		Total	
	N	%	N	%	N	%
Male	261	33.4	521	65.5	782	45.8
Female	309	33.4	615	66.6	924	54.2
Minority	438	34.1	846	65.9	1284	75.3
Nonminority	132	31.3	290	68.7	422	24.7
Foreign born	375	32.1	794	67.9	1169	68.5
Not foreign born	195	36.3	342	63.7	537	31.5
Married	289	31.9	618	68.1	907	53.2
Not married	281	35.2	518	64.8	799	46.8
Child present	363	63.7	207	36.3	570	33.4
No child present	745	65.6	391	34.4	1136	66.6
High school graduate	375	33.0	762	67.0	1137	66.6
Not a high school graduate	195	34.3	374	65.7	569	33.4
Lives in central city	99	32.6	205	67.4	304	17.8
Does not live in central city	471	33.6	931	66.4	1402	82.2

##### (b) Difference of Means (t-test)

Voucher-Holder Characteristics	Mover Mean	Nonmover Mean	Mean Difference	t
Age	51.185	53.295	-2.100	-2.845**
Annual household income	16005.003	16274.925	-269.922	-0.640
Rent	1036.144	965.237	70.970	5.691***

\*\* $p \leq .01$ . \*\*\* $p \leq .001$ .

Notes: Based on Chi-square analyses ( $p = .05$ ). No statistically significant associations exist between moving and these voucher-holder characteristics.

The next set of analyses explores the factors associated with neighborhood poverty levels, employment status, and school quality, with a particular interest in the effect of moving on these outcomes. The degree of poverty in a neighborhood is thought to affect individual outcomes in numerous ways. Mobility out of poverty is one approach to addressing negative outcomes, but although the HCVP is designed to enable mobility, it does not require voucher holders to move in general or to move to lower poverty neighborhoods. Thus, it is unclear whether a policy of residential choice can achieve lower neighborhood poverty rates for voucher holders. To investigate this question, a linear regression model was specified with neighborhood poverty level<sup>17</sup> as the dependent variable and a set of voucher-holder sociodemographics—rent, central city location, and, the primary variable of interest, whether the voucher holder had moved in the past 3 years—as the independent variables. The results of the analysis are shown in exhibit 5.

The coefficient for “mover” has a negative sign but is not statistically significant. Thus, the analysis indicates that movers, as compared with nonmovers, did not live in neighborhoods with lower poverty levels. Six variables in the analysis are associated with the neighborhood poverty rate, however. As the age of voucher holders increases, neighborhood poverty levels tend to decrease on

#### **Exhibit 4**

##### Moving Intentions and Frequency of Moves

<b>Moving Behavior</b>	<b>Plan To Move</b>		<b>No Plan To Move</b>		<b>Total</b>	
	<b>N</b>	<b>%</b>	<b>N</b>	<b>%</b>	<b>N</b>	<b>%</b>
No moves	219	19.3	917	80.7	1,136	66.6
One move	105	24.0	333	76.0	438	25.7
Two moves	24	24.5	74	75.5	98	5.7
Three or more moves	7	20.6	27	79.4	34	2.0

*Chi-square = 5.082, with 3 degrees of freedom (not statistically significant).*

#### **Exhibit 5**

##### Linear Regression: Neighborhood Poverty Rate

<b>Variable</b>	<b>Estimate</b>	<b>Standard Error</b>
Mover	-0.006	0.028
Age	-0.003*	0.001
Gender	0.101***	0.029
Minority	0.236***	0.035
Foreign born	0.033	0.035
Marital status	0.044	0.031
Child present	0.177***	0.039
High school graduate	-0.054	0.028
Annual household income (ln)	-0.023	0.024
Rent	-0.001***	0.000
Lives in central city	0.330***	0.035

*ln = natural log.*

*R<sup>2</sup> = 0.151.*

\*  $p \leq .05$ . \*\*\*  $p \leq .001$ .

<sup>17</sup> To address a skewed distribution, the original neighborhood poverty rate data were transformed using the natural log function.

average. This result may be because of more knowledge, based on additional years of life experience, or it may be that older people experience a greater degree of landlord acceptance in more affluent neighborhoods. Males tended to locate in neighborhoods with higher poverty rates, which may reflect a tendency to conflate poverty with personal safety and the different perceptions of safety by men and women. Minorities generally lived in neighborhoods with higher poverty rates. This finding is consistent with the existing literature and may be because of several factors, including discrimination, lack of information, or availability and location of support networks. Voucher households with children also lived in neighborhoods with higher poverty rates. Again, discrimination and the availability and location of support networks might help explain this result. Not surprisingly, as voucher holders' rents increase, on average, neighborhood poverty levels decrease. We would expect rent to reflect not only housing unit attributes, but also neighborhood characteristics. Finally, as found in previous analyses and generally accepted in the literature, living in a (low-income) central city is associated with higher neighborhood poverty rates.

Reducing barriers to employment is one reason the HCVP policies shifted to enable easier mobility for voucher holders. In other words, higher employment levels are more likely if the voucher holder can move closer to job opportunities without losing housing assistance. Given this reasoning, it is possible that movers would be employed more often than nonmovers. To investigate this possibility, a logistic regression model was specified with employed or not as the dependent variable and the same set of independent variables used in the previous analysis. The results from this regression are shown in exhibit 6.

The analysis indicates that movers are no more likely to be employed than nonmovers. As suggested in the MTO analysis, it may be that movers are relatively recently moved and experiencing an adjustment period before finding employment. It may also be that the move was related to considerations other than employment. Six variables in the model have statistically significant coefficients. As a voucher holder's age increases, he or she is less likely to be employed. Being foreign born, being married, having a child present, and graduating from high school are all positively associated with being employed. As expected, having a higher income is associated with having a job. Living in the

## **Exhibit 6**

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### **Logistic Regression: Employment Status**

<b>Variable</b>	<b>Estimate</b>	<b>Standard Error</b>
Mover	0.077	0.113
Age	-0.024***	0.005
Gender	-0.028	0.121
Minority	0.023	0.144
Foreign born	0.305*	0.146
Marital status	0.413***	0.128
Child present	0.665***	0.155
High school graduate	0.356**	0.155
Annual household income ( <i>In</i> )	0.438***	0.109
Rent	0.000	0.000
Lives in central city	-0.300*	0.145

*In* = natural log.

*R*<sup>2</sup> = 0.175.

\* *p* ≤ .05. \*\* *p* ≤ .01. \*\*\* *p* ≤ .001.

central city again is associated with a negative outcome. Voucher holders living in Santa Ana are about 26 percent less likely to be employed than voucher holders living outside this central city.<sup>18</sup>

The outcomes for children of voucher holders have been a central concern of policymakers. The assumption is that children will receive a better education by moving to neighborhoods with higher quality schools. To assess if voucher holders' moves in this study's sample are associated with higher school quality, I conducted a linear regression analysis with public school quality as the dependent variable and with the same set of independent variables used in the two previous models. Exhibit 7 displays the results from the regression analysis.

The model shows that moving is not associated with school quality. Again, it may be that movers relocated for reasons other than to gain access to better schools. Age, having a high school education, and paying more in rent are positively associated with better school quality. The models reveal that minorities are served by lower performing schools; specifically, being a minority is associated with a 16-point lower average API score compared with the nonminority average API score. The greatest decrease in school quality, however, is associated with living in the central city; these voucher holders, on average, experience an API score of 17 points less than voucher households living outside the central city. Lastly, the presence of a child in the household is not related to higher school quality.<sup>19</sup> This result is somewhat perplexing but could be related to a lack of knowledge about school quality, or it may be that parents have other equally pressing considerations when making a relocation decision.

The results of the preceding analyses show no differences between movers and nonmovers for the three outcomes under study. Nonetheless, movers may have improved their circumstances from before to after a move. To explore this possibility, paired sample t-tests were conducted to

### **Exhibit 7**

#### **Linear Regression: Public School Quality**

<b>Variable</b>	<b>Estimate</b>	<b>Standard Error</b>
Mover	-0.540	3.470
Age	0.331*	0.147
Gender	-8.721*	3.699
Minority	-15.853***	4.525
Foreign born	2.736	4.559
Marital status	-5.520	3.932
Child present	-0.048	4.837
High school graduate	7.510*	3.529
Annual household income (ln)	2.137	3.409
Rent	0.034***	0.008
Lives in central city	-78.369***	4.248

*In* = natural log.

*N* = 1,552.

*R*<sup>2</sup> = 0.223.

\* *p* ≤ .05. \*\*\* *p* ≤ .001.

<sup>18</sup> The value is 1 minus the exponentiation of the coefficient for "lives in central city" [1 - exp (-0.300)].

<sup>19</sup> I conducted an alternative regression to assess if movers with children experienced better school quality than nonmovers with and without children. The results were not statistically significant.

compare the poverty rate and school quality before and after moves. Also, to determine if employment status before and after a move were associated, I conducted a chi-square analysis. Exhibit 8 contains the results of these analyses.

Movers did experience improvements in their neighborhood poverty rate and in school quality. Although the t-statistic is significant, however, the magnitude of the improvement is rather small (a less than 1-percent reduction in the neighborhood poverty rate and about a 7-point increase on the API index). The results for employment before and after moves are very discouraging. Before moving, 73.0 percent of the voucher holders worked; after moving, that number dropped to 52.2 percent. Also, only 15 voucher holders who moved went from unemployed before moving to employed after moving. The results from this sample clearly provide no evidence that voucher holders move for employment opportunities.

### **Exhibit 8**

#### Differences Before and After Moving

##### (a) Paired Sample t-test

Outcomes	Before Move	After Move	Mean Difference	t
Neighborhood poverty rate (N = 525)	0.155	0.146	-0.009	-2.330*
Public school quality (N = 480)	658.042	665.004	6.961	2.164*

##### (b) Chi-Square Analysis

Before Move	After Move		Total
	Employed	Unemployed	
Employed	263	126	389 (73.0%)
Unemployed	15	129	144 (27.0%)
Total	278 (52.2%)	255 (47.8%)	533 (100.0%)

\*  $p \leq .05$ .

Chi-square = 137.763, with 1 degree of freedom ( $p = .000$ ).

## **Research and Policy Implications**

Taken as a whole, the literature provides a mixed narrative on mobility, and the results from this study do not change the story. The lack of differences for neighborhood poverty level, employment, and school quality outcomes between HCVP movers and nonmovers may mean that mobility is not based on these outcomes and that our assumptions about the reasons for mobility are inaccurate or incomplete. Understanding the reasons for voucher holders' moves in the regular HCVP is an important step in assessing voucher holders' needs and improving program goals. Researchers need to better understand voucher holders' decisions about residential location and the tradeoffs they make during their housing search. With this knowledge, researchers can better design studies, not only to evaluate a range of standard outcomes, as done for MTO, but also to assess the degree to which voucher holders achieve *their* desired outcomes in the HCVP.

One result from the multivariate models that is consistent across outcomes was location in the central city. It is clear that voucher holders living in the central city, at least in Orange County, experienced a cluster of negative outcomes compared with the outcomes of voucher holders living outside the central city. This result suggests that future research on the HCVP should include analyses of the effect of moving within and out of central cities, including relatively smaller central cities and central cities in suburban environments such as Orange County.

Voucher holders' locational choices in Orange County and elsewhere may be constrained to a few relatively similar neighborhoods. In other words, moving would not change outcomes dramatically. Such an interpretation about the lack of differences between HCVP movers and nonmovers is consistent with the results comparing mover-only outcomes before and after their residential relocation. Although neighborhood poverty rate and school quality improved, the improvements were quite minimal. As such, it is reasonable to suggest that these marginal changes likely have no discernible positive effects on the lives of voucher holders or their children. The burden for HCVP administrators is to work on opening up new neighborhoods that offer more opportunities to voucher holders, although doing so is a tall order for LHAs that have struggled in the past convincing landlords to accept voucher recipients.

Mobility may be a mechanism for low-income people to achieve better neighborhoods and access new opportunities. Programmatic and structural changes are necessary, however, for mobility to have a good chance at achieving certain outcomes in the HCVP. Moreover, we cannot expect rapid change from mobility out of low-income neighborhoods. Generations of disadvantage created intergenerational poverty, and it will take generations of advantage to change the status quo.

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# Mobility Decisions of Very Low-Income Households

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## Abstract

Policies that support mixed-income housing and neighborhoods are based on the assumption that most lower income families would both choose and benefit from moving to opportunity neighborhoods. Opponents of housing dispersal policies have challenged this assumption as unrealistic, oversimplistic, or incorrect. Both sides of this debate, however, share a fundamental assumption about the mobility of very low-income households that may be problematic. Each perspective assumes a degree of agency on the part of very low-income households in which housing outcomes are the result of considered choices among a set of alternatives. In this article, we examine the role of neighborhood environment in the mobility decisions of a group of very low-income families. We find that the assumption of choice among alternatives does not hold widely for the very low-income families in our study. Relationships, rather than neighborhoods, appear to be the driving factor in residential mobility and decisionmaking. As a result, neighborhood environment often plays a marginal role in the families' assessment of their own housing and in their mobility decisions. We discuss the implications of housing policies that, although seeking to improve the conditions for very low-income families, disrupt vital social support systems that help families meet basic needs.

## Introduction

Much public policy attention during the past 20 years has been directed toward the neighborhood environment of very low-income families. In particular, housing-policy strategies have been driven by the ways in which the community environments of very low-income families can limit life chances and increase the likelihood of a range of negative outcomes. Concerns ranging from exposure to environmental toxins to crime victimization have influenced housing policies. The limited

economic opportunities and low-quality public services (such as education) of highly distressed neighborhoods are also seen reinforcing patterns of poverty (see, for example, Ellen and Turner, 1997; Jencks and Mayer, 1990). Informed by a range of studies demonstrating the importance of neighborhood environment for individual outcomes, policymakers have stressed either the geographic dispersal of assisted households out of high-poverty neighborhoods and into neighborhoods of opportunity or the redevelopment of assisted housing into mixed-income developments (see Briggs, Popkin, and Goering, 2010; Cisneros and Engdahl, 2009). Strategies for dealing with the housing needs of very low-income households have thus increasingly addressed the question of neighborhood and the access of such households to neighborhoods with greater opportunities and fewer constraints.

The shifting of housing assistance to mixed-income developments or the dispersal of subsidized units assumes that all or by far most lower income families would benefit from and be willing to make the move if given the chance. Some, however, have challenged the assumption that very low-income families will invariably choose to move to opportunity neighborhoods as unrealistic, oversimplistic, or simply incorrect. Citing the importance of social support networks, place identification, and the advantages of centrally located neighborhoods, many have argued that mobility preferences among low-income residents are not so monolithic with respect to neighborhood (see Goetz, 2013a; Manzo, Kleit, and Couch, 2008).

Both sides of this debate, however, share a fundamental assumption about the mobility of very low-income households that may be problematic. Each perspective assumes a degree of agency on the part of very low-income households, in the sense that housing outcomes are seen as the result of considered choices among a set of alternatives that are understood, at least implicitly, by the households in question. In this article, we examine the role of neighborhood environment in the mobility decisions of a group of very low-income families. We find that the assumption of choice alternatives does not hold widely for very low-income families. As a result, neighborhood environment often plays a marginal role in such families' assessment of their own housing and in their mobility decisions.

## **The Nature of Mobility for Very Low-Income Households**

For very low-income people, reliance on informal (nonmarket) strategies is vital for meeting basic needs. Social scientists have understood this fact for decades. In 1945 Drake and Cayton (1945: 581) wrote of African-American families in disadvantaged neighborhoods as "mutual aid societies, originated and maintained by economic necessity." More recent studies of low-income single parents have continued to document the extensive degree to which they supplement income from paid work or welfare with income earned in informal markets or with cash or noncash benefits from a "private safety net" (Dominguez and Watkins, 2003; Kalil and Ryan, 2010; Sigle-Rushton and McLanahan, 2002; Edin and Lein, 1997; Stack, 1974). When affordable housing is unavailable and a household lacks the financial resources to secure housing in the private market, family, friends, and partners are a frequent source of support (Clampet-Lundquist, 2003; Cook et al., 2002; Skobba, 2008).

Lacking the financial resources to secure a place to live, low-income families often resort to housing that is both precarious and unsatisfactory. Clampet-Lundquist (2003) argued that low-income single mothers must be creative in seeking housing security. Securing informal housing assistance

by doubling up with family, friends, and unrelated roommates is one of the few options available to low-income families who face problems of housing affordability and availability (Cook et al., 2002; Fitchen, 1992). Leopold (2012), for example, found that 40 percent of surveyed very low-income households on waiting lists for housing assistance were living doubled up with family or friends. More than one-half of the households that were living with friends reported that they had gone without their own place to stay at some point during the previous 12-month period. Without a place to live, many reported turning to shelters and living on the streets. Although it often results in crowded and undesirable housing conditions, doubling up with mothers, boyfriends, or others is a common method of securing housing, particularly for low-income single mothers (Clampet-Lundquist, 2003). All the women in Clampet-Lundquist's (2003) study of public housing residents had lived with their mothers at one point or another after the birth of their children. Dominguez and Watkins (2003) found the same for a sample of very low-income mothers younger than age 30. Other research has shown that relatively few low-income single mothers fit the profile of living singly and raising their families. London's (2000) analysis of the 1990 Survey of Income and Program Participation database revealed that more than one-third of such women lived with parents or family, with a partner, or in a group household. Sigle-Rushton and McLanahan (2002) found that roughly one-half of the households in the "Fragile Families" database lived in composite-household arrangements. Although one-third of those households lived in nuclear family arrangements and 17 percent were in single-adult households, another one-third lived in group situations and 15 percent lived in what the researchers called the "partner-plus" arrangement—with a partner and other adults as well. Joint living arrangements among single mothers are most prevalent, as might be expected, in more expensive or tighter housing markets (Sigle-Rushton and McLanahan, 2002).

Informal exchanges are dependent on interpersonal relationships. The primacy of relationships in informal modes of exchange is especially true in housing, where informality means shared living space. The maintenance of connections thus becomes important, and housing accommodations can become dependent on the condition and quality of key interpersonal relationships. Anderson and Imle (2001) found, for example, that connections to an extended family member are frequently all that distinguishes homeless from housed women of limited means. Venkatesh's (2006) study of informal work in the Chicago ghetto points to the many ways in which informality strains relationships and the ways in which relationships can suffer. Often, conflicts are based on small disagreements, but such disagreements can be enlarged through repeated and prolonged exposure and because of the stress associated with living on the margin. Liebow (1967) and Rainwater (1970) noted decades ago that social relationships in conditions of extreme poverty can be characterized by ambivalence and mistrust. Nearly all studies of informal support have noted that private safety nets are unpredictable and inconsistent (Curley, 2009; Kalil and Ryan, 2010; Radey and Padilla, 2009; Sigle-Rushton and McLanahan, 2002). As noted previously, home sharing amplifies issues of conflict that are always just below the surface in relationships of social support. Overcrowding and lack of privacy can erode mutually supportive relationships more quickly than private safety-net relationships that do not involve cohabitation. Thus, the informal agreements that represent the foundation of housing for many very low-income families are inherently unstable, especially when doubling up "occurs in stressful, overcrowded conditions where people struggle to make ends meet" (Rollins, Saris, and Johnston-Robledo, 2001: 283). The difficult conditions of home sharing can strain relationships, leading to further disruptions in household composition and to further residential instability as households split and some members move away.

As a result of the foregoing reasons, not only do very low-income households frequently lack choice in their move into housing—needing to cobble together shared accommodations with others who are willing—but they often lack choice in their move out of housing. In a study of the residential mobility patterns of 256 low-income families living in Boston, Chicago, and San Antonio, Clark (2010) found that most moves were because of push factors, with forced moves, union dissolution, household conflict, and overcrowding the most prevalent forces triggering moves. Lack of housing affordability and quality are also common precursors to involuntary moves for low-income families. In a study of the housing careers of low-income families, participants described a high proportion of moves as being forced moves (Skobba, 2008). These moves typically came about through eviction, the sale of the unit, damage to the property, or being forced out by the friends or family with whom they were living. Instances of forced mobility continued to represent a relatively large portion of moves even after participants received a voucher, suggesting that low-income households are vulnerable even when affordability is not a factor. Mental health problems, domestic violence, cohabitation, and chemical dependency are also risk factors for involuntary moves (Phinney et al., 2007).

Mobility decisions made (or forced) under such circumstances are likely to be the result of quick improvisation rather than a careful search strategy. Clampet-Lundquist (2003) found, for example, that only one-third of the low-income public housing residents she studied conducted a formal housing search when they moved. Furthermore, searches under these conditions, to the extent that they occur, are likely to emphasize and use personal safety nets rather than considerations of neighborhood quality and geographies of opportunity.

Dominguez and Watkins (2003) noted the tendency of some households to move closer to family to have better access to the supports provided by family members. Thus, reliance on private safety nets and informality has implications for neighborhood choice and vice versa, although the relationship is complex. Furstenburg (1993) found that kin networks were more prone to disruption in “highly distressed” neighborhoods, which is similar to findings that, within low-income groups, the strength of social supports and income exhibit a negative relationship (Harknett, 2006; Miller-Cribbs and Farber, 2008). Equally, however, research has consistently found that physical proximity is important to maintaining social support networks and for accessing those supports (see Brown and Gary, 1987; Roschelle, 1997; Rossi and Rossi, 1990; Wellman and Gulia, 1999).

Residential instability can actually disrupt social networks and damage a household’s ability to maintain the cash and in-kind benefits gained from private safety nets (Harknett, 2006). Research on recent programs that focused on dispersing subsidized households has shown that the very low-income families displaced from their communities suffer disruption in their social networks (see, for example, Clampet-Lundquist, 2004; Curley, 2009; Greenbaum et al., 2008; Keene and Geronimus, 2011), suggesting that whatever benefits may be produced by moving to other—presumably better—neighborhoods must be weighed against the potential disruption of private safety nets (Dawkins, 2006).

Indeed, evidence suggests that the presence of relatives nearby is associated with lower mobility rates among low-income people (for example, Myers, 2000). Dawkins (2006: 878) found that mobility among low-income residents “is impacted most by whether the household has received in-kind assistance from someone in the most recent month.” Being closer to relatives is, according to Long, Tucker, and Urton (1988), among the most frequently mentioned reasons for mobility decisions (see also Connerly, 1986).

Similarly, those dependent on income from informal work need to position themselves in neighborhoods where that type of work exists and where the informal market flourishes. Not all neighborhoods are equally receptive to or suitable for small-scale informal businesses such as beauty salons or food preparation. Venkatesh (2006) noted the nearly constant concern related to finding space where one engaged in the informal sector can set up shop and build and maintain a clientele.

Based on previous research on the mobility experiences of very low-income families, we expect patterns of mobility among low-income families that emphasize the role of personal safety nets in searching for and securing housing, instability (that is, frequent moves), and a prevalence of informal housing solutions. These factors produce mobility dynamics that are mostly independent of neighborhood concerns.

## **Methods**

We explore the long-term housing experiences of a group of very low-income families living in Minneapolis and St. Paul, Minnesota. The sequence of housing an individual occupies during a long period is known as a *housing career* (Clark, Deurloo, and Dieleman, 2003; Kendig, 1990). Our long-view study of family residential mobility patterns reveals how very low-income families secure housing over time, reveals how that varies during the life cycle, and provides a better understanding of where people live, why they live there, and what they accomplish by moving. Overall, 48 participants took part in interviews in 2009. The data for one participant were removed because of that participant's inability to provide complete and accurate information. This study uses original data collected from 47 participants, including 35 women and 12 men. These 47 participants comprised two study groups, 33 participants who were living in subsidized housing and 14 who were on the waiting list. A smaller subset of 15 participants, 10 from the subsidized group and 5 from the waitlisted group, were selected to take part in five additional interviews during the course of a year.

Participants living in subsidized housing were recruited with the assistance of a nonprofit organization that manages more than 900 subsidized rental units with and without services in Minneapolis and Saint Paul. The participants on the waiting list were recruited with the assistance of a metropolitanwide housing authority that administers a Housing Choice Voucher Program and refers families on its waiting list to owners of project-based assisted properties. Prospective participants were considered eligible for the study if they were living in subsidized housing or were on a waiting list, had children living in the household, were fluent in English, and had the ability to recall past information with relative accuracy. The housing organizations applied these criteria when developing their samples. Recruitment letters were mailed to prospective participants, who were then selected on a first-come, first-served basis.

All participants took part in an initial interview to gather information about their housing careers. The study used a modified life-history calendar approach, which is used specifically for the collection of retrospective data, using residence as the organizing timeline. During the interviews, participants provided a detailed account of the housing accommodations in which they had lived from the time they first lived independently to the time of the interview. The interview procedure included a series of questions about each residence designed to gather detailed information on the participants' current and past housing accommodations and their life circumstances and employment while living

in each place. Throughout the interview process, the researcher and participant worked together to construct a visual timeline of residences. The interviewer used prompts to help the participant link their housing to other landmark events, such as the birth of a child, marriage, or a job change to help participants recall an accurate timeline. Life-history calendars improve the quality of retrospective data by (1) helping the respondents visually and mentally reconstruct their historical timeline and (2) using readily remembered events as a reference point for remembering less salient events (Bell, 1998; Freedman et al., 1988).

## Sample Characteristics

As a collective, the participants whom we interviewed had extremely low incomes and irregular work histories. The respondents were frequently unemployed; during the course of their housing careers, they reported not having a job at least 31 percent of the time.<sup>1</sup> They supplemented their wage earnings with income from other sources. They reported income from public assistance programs one-third of the time, from significant others or their parents 27.5 percent of the time, from food stamps 13.0 percent of the time, from child support 10.0 percent of the time, and then from a smattering of other sources including social security, disability, and unemployment insurance. The incomes reported by the respondents were quite low. If we include those times when respondents reported being unemployed and do not include income other than from public or private safety net sources, the respondents had incomes of less than 30 percent of the Median Family Income (MFI) in the region 91 percent of the time throughout their housing careers. Respondents had incomes of less than 50 percent of MFI more than 97 percent of the time. Thus, for virtually all the time since adulthood and the formation of their own households, our participants have had very low or extremely low incomes.

Two-thirds of the respondents were single parents, 81 percent were people of color, 36 percent had any education beyond high school, and only 8 percent had a post-high-school degree (see exhibit 1).

### Exhibit 1

#### Sample Demographics

Demographic	N (%)	Demographic	N (%)
Female	36 (77)	College graduate	2 (4)
Male	11 (23)	2-year or vocational graduate	2 (4)
Married	2 (4)	Some college	13 (28)
Single	31 (66)	HS graduate or GED	19 (40)
Divorced/separated	12 (26)	Less than HS graduate	11 (23)
Widow	2 (4)	No children	5 (15)
African American	32 (68)	One child	13 (38)
White	9 (19)	Two children	9 (26)
Hispanic	1 (2)	Three or more children	7 (21)
Native American	2 (4)	Younger than age 17 at move out	4 (8)
African	2 (4)	Age 17 to 20	34 (73)
Multiracial	1 (2)	Age 21 or older at move out	9 (19)

GED = general equivalency degree. HS = high school.

<sup>1</sup> This percentage likely underrepresents the true extent of unemployment, because if participants were employed for part of the time that they spent in a housing situation, we counted them as employed for the entire duration of their accommodation.

The data collected in this study offer the ability to track the paths of very low-income households through neighborhoods and to analyze their mobility decisions. By geocoding the location of each residence, we are also able to track the path taken through and across the urban neighborhoods inhabited by our interviewees. We look at neighborhood conditions as a component of the housing experience; we asked questions about neighborhood quality, neighborhood satisfaction, and the role of neighborhood in housing mobility decisions. We are also able to look at objective, census-based indicators of neighborhood quality to help characterize the residential experience of people at all stages of the housing careers.

In this article, we examine the role of neighborhood in the housing decisions and outcomes of this group. The use of this small and nonrandom sample precludes generalization to a larger group of lower income households. The data we analyze do, however, provide significant insight into the factors that influence mobility choices among very low-income households.

## **Findings**

### **Instability**

The 47 people in our study had an average housing career of 22 years by the time we interviewed them. As a result, we have detailed housing and household information for 1,034 person years for this population. The 47 people we studied reported 682 different accommodations or living arrangements. As a whole, then, the participants in this study were extremely mobile, with a substantial number exhibiting what could be termed hypermobility. The average accommodation lasted only 16.8 months, although when weighted (accounting for the fact that some respondents had more accommodations than others) the average increases to 20.2 months. Housing stability had no overall tendency to increase over time for the participants of this study, as is typical of households with more resources. Separating the first five accommodations for these participants from the rest shows no statistically significant difference. Instability was common regardless of the type of accommodation. Formal rental arrangements lasted an average of 21 months, whereas informal housing and shared arrangements lasted slightly less than 15 months. Homeless spells were an average of 8 months in length.

### **The Importance of Interpersonal Relationships**

Relationships, rather than neighborhoods, appear to be the driving factor in residential mobility and decisionmaking for the low-income families in our study. In the absence of financial resources, people are an essential source of capital. For very low-income households, support networks become an important way for families to meet basic needs. The use of informal support networks to meet housing needs is no exception.

The findings of our study are consistent with previous research on unassisted households. Doubling up with family and friends accounted for 206 (30.2 percent) of the 682 housing arrangements documented in the study, the second most common form of housing arrangement after rental housing (43.5 percent). Most participants used informal housing assistance at some point in their adult lives; 42 of the respondents (89 percent) reported doubling up at least once in their housing

careers. Participants in the study spent an average of 27.6 percent of their adult housing careers living in informal housing arrangements; 11 participants spent more than one-half of their adult housing career living in doubled-up accommodations. During the course of their adult lives, the participants in the study spent an average of 64 months living in doubled up accommodations. Two respondents had doubled up with family or friends 10 or more times in their careers. About one-half of the participants moved back in with a parent at least once. These accommodations tended to be shorter in duration, on average, than other forms of housing, suggesting the participants used living with their parents as a short-term form of housing assistance.

As the preceding figures suggest, the quality of the relationship often dictates the security and conditions of the housing. Sometimes, supportive relationships with parents and friends offered stability and security even when housing conditions were less than ideal. Kylie, a 28-year-old participant with five children, describes moving back in with her mother off lease after being evicted because of a noise violation from an apartment she rented with a boyfriend. Kylie and her two children moved into her mother's three-bedroom apartment in public housing along with her two younger siblings. During the 5 years she lived with her mother, she had two more children. Although living with eight people in a three-bedroom apartment must have been crowded, she describes being satisfied living with her mother. Kylie liked the neighborhood and, although the apartment had some mold problems, she felt that living with her mother met the needs of her family. Living with family or friends sometimes provided additional support that was particularly helpful for single parents. For example, Nancy, a 46-year-old female participant, moved in with another family while raising her first child alone. She met a couple with children while living with her first child in a rented apartment. They moved in with the other family in an off-lease arrangement. Nancy describes the move as providing benefits for both families beyond affordability.

*The convenience of helping each other with kids, and, I mean, they've been in the city and they showed me the ropes. I helped her with her kids.*

The two families subsequently moved together to a larger residence where everyone was on the lease. Living with this couple was a practical arrangement that also seemed to reduce the feeling of isolation that Nancy experienced when living alone with her daughter, but it was not perfect. The other family's housekeeping did not meet her standards. The arrangement ended when the husband in the other family lost his job and they were all evicted.

Participants were cohabitating with a partner in 40 percent of the informal arrangements. In these situations, the participant was living with a partner and often children, but the participant was not on the lease or mortgage. These arrangements often resulted in a tenuous situation wherein instability in the relationship created housing instability. When the relationship ended, something that happened frequently for the participants in our study, the participant (and often children) was forced to find another place to live. In some cases, participants (usually women) moved in with men because they had run out of other options. Tiffany, for example, was pressured by her mother to move out of the house after graduating from high school.

*It was a house. It was a brand new area. My mom was pressuring me to move out. With resent and spite, I moved in with him. ... It didn't work because, like I say, he became possessive and a controlling dad. I didn't have any say over anything. It was like every move I made, he wouldn't like it. ... I wasn't on the lease, but I just paid him half of the rent for staying there.*

## **Mobility Decisions**

Informal housing arrangements, as compared with formal lease accommodations, tended to generate mobility for reasons more frequently related to interpersonal relationships. Study participants reported that relationship issues prompted 25.2 percent of the subsequent moves from informal accommodations compared with only 12.0 percent of moves from formal lease accommodations. Conversely, formal housing arrangements (defined as a lease or mortgage contract) were much more likely to result in moves that were prompted by cost or condition. Inability to pay was mentioned more than three times as often (13.5 to 4.1 percent) as a reason for moving away from a leased arrangement as from an informal accommodation, and conditions of the unit or neighborhood nearly twice as frequently (18.7 to 10.9 percent).

We conceptualize forced moves as any move in which the participant did not have a choice; that is, the move was not planned. These situations included those in which the participant's actions triggered a move, including evictions or lease terminations for behavior and starting or ending a period of incarceration or participation in a chemical-dependency program. Moves in which affordability problems resulted in eviction for nonpayment of rent or in a move back home with parents were also considered forced moves, as were moves brought on when housing was condemned, sold, or foreclosed. Discretionary moves were those in which the participant had some control over the move. Moving to establish an independent household, to improve housing and neighborhood conditions, to pursue a new relationship, and for employment opportunities were among the common types of discretionary moves. Some residential mobility patterns were neither completely forced nor completely discretionary. Cases in which a participant moved because they did not feel safe in the household or neighborhood because of poor housing conditions, or to take care of an elderly relative are examples of moves that were not entirely voluntary. About 11 percent of the moves were of this nature.

Overall, 547 of the moves documented in our study could be categorized as either forced or discretionary moves, of which 48 percent were forced moves. The most common reasons for forced moves were related to the inability to afford the housing, the end of time-limited accommodations (transitional housing, residential chemical dependency programs, and incarceration), relationship problems (typically in doubled-up housing), and entry into jail or mandatory treatment programs. The nature of these unplanned moves highlights both the issue of housing affordability for very low-income families and the struggles that many face in their lives. Housing assistance appears to reduce but not eliminate the likelihood of a forced move. Among all the documented forced moves in our study, about 14 percent occurred when the participant had tenant or project-based housing assistance. Overall, formal housing arrangements led to forced moves 49.2 percent of the time, whereas informal arrangements resulted in forced mobility 38.9 percent of the time ( $\chi^2$  significant at  $p < .05$ ).

## **Forced Moves Beget Quick and Haphazard Searches**

For very low-income households, residential mobility is more often an exercise in improvisation than planned. In a typical rental housing search, a household takes stock of its finances, identifies its housing and location needs and preferences, and then draws on a variety of tools, including advertisements, apartment search firms, housing authority lists, and networking to locate a home that

meets its needs and preferences. This process appears to be in place when low-income households have access to tenant-based housing assistance, particularly when they receive housing-counseling assistance (Teater, 2009). The findings from our study suggest that very low-income households use different, often unconventional, strategies to find housing. The process prioritizes convenience and necessity rather than being a choice among housing units that match a predetermined set of criteria. The reason is probably twofold. First, forced moves often leave little time to conduct a thorough housing search. Second, the affordability problems that our study families faced put market rentals out of reach.

The experiences of the participants in our study suggest that very low-income households rely on personal relationships, rather than a formal housing search process, to find a place to live. Most of the time (61 percent), participants found their housing through family, a friend, or a previous landlord. Although networking is a common way in which people find housing, our participants' housing searches differed in that they often found housing when the friend or family member offered them a place to stay. For example, Samuel, a 48-year-old man with four children, was without a place to stay when his girlfriend grew tired of having his children living in her home. After Samuel and the children spent the night in a shelter, his children's grandfather took them in, giving the family of five a place to stay for a while. Situations like Samuel's were common among the participants in our study. Looking at public sources of information about rents (that is, newspapers, real estate agents, and apartment rental services) was less common, used for only 12 percent of the moves. About 20 percent of the housing was found through a social service provider or housing-authority waiting list. Housing searches are thus frequently based on personal relationships, family connections, and the current social network of families.

## **Neighborhoods**

Residence in a low-poverty neighborhood was a rare event for the participants of this study. Only 21 percent of the accommodations that could be geocoded (112 out of 534) were in neighborhoods with poverty rates of less than 10 percent; another 25 percent were in neighborhoods with poverty rates of between 10 and 20 percent. More than one-half of the accommodations, therefore, were in neighborhoods with poverty rates of more than 20 percent, and 28 percent of the accommodations were in areas where more than 30 percent of the population was below the poverty line. Prolonged residence in a low-poverty neighborhood was rare as well. Only 14 of the participants (30 percent) lived in two or more low-poverty neighborhoods consecutively. The rest (33 participants, or 70 percent) would move into such a neighborhood occasionally, but their next move typically would be out again to a higher poverty destination. For some of the participants who did have consecutive accommodations in low-poverty neighborhoods, those accommodations came at the beginning of their housing careers. Conversely, 74 percent of the respondents had consecutive accommodations in high- or very high-poverty neighborhoods. Of the 47 participants, 26 were stuck in high-poverty neighborhoods for most of their housing careers and 9 were rarely out of high-poverty environments.

Whereas access to housing in low-poverty neighborhoods has been the focus of housing policies targeting low-income families, neighborhood conditions and the neighborhood social mix were not the primary concerns for the participants in our study. Despite the fact that most of them spent a considerable amount of their housing careers living in neighborhoods with moderate to high

poverty rates, participants' views of their neighborhoods were mostly positive. When respondents were asked to describe the neighborhoods, 65 percent of the descriptions offered were positive. Most commonly, respondents noted when they lived in a "quiet" neighborhood (11.0 percent), lived in a neighborhood in which they had good relationships with their neighbors (6.0 percent), or had a positive view of the mix of people more generally (5.0 percent). Safe neighborhoods (3.5 percent) and the presence of families (2.0 percent), whether their own or as a characteristic of the neighborhood, were also viewed favorably.

*It was quiet. Everybody got along with each other.*

*It was a good neighborhood, nice neighborhood. I wish I could raise my kids up in that neighborhood now. It was a neighborhood for families bringing up small children.*

*The homeowners that were around us, I think, were older and had older kids, and the neighborhood just wasn't ... because I know the bad parts and the good ones, you know. There wasn't like a lot of crime or anything around our neighborhood.*

Although respondents cited fewer negative descriptors overall, those that were given indicate that participants are unsatisfied living in neighborhoods that feel unsafe (9 percent), where drugs are present (8 percent), or with a loud or boisterous environment (7 percent). When respondents had something negative to say about their neighborhoods, they most frequently referred to the social environment; 82 percent of the negative descriptors were about the social environment.

*Rough. You had to watch your back ... you might get shot, or gangbang, or, basically, you live day by day.*

*Just the neighborhood itself, it was just more people around doing drugs and whatever. Liquor store on the corner, the local hangout or whatever. Oh, and there was a bar next door. ... A lot of people hung out at the bar and it was loud and stuff. ... I didn't feel as safe as the other neighborhoods I've been in.*

Moving because of poor neighborhood conditions was rare, cited as the reason for moving in only 3 percent of the cases. Even when moves were not forced, neighborhood environment was very rarely a reason for moving out of or into a place.

Participants were able to identify elements of their neighborhoods that they liked and did not like. When asked to assess whether the housing accommodation met their needs and the ways in which it did or did not meet their needs, participants identified location—particularly proximity to bus lines, shopping, and jobs—as ways in which the accommodations met their needs. Locational features ranked below the presence of supportive people and housing that was of good quality, however. Bryant, a 51-year-old divorced man with three children, reflected on a time in the 1980s when he lived off lease with his girlfriend in Chicago in the ABLA housing projects. Bryant had grown up in the neighborhood, and although the conditions had declined over time he was satisfied living there, because it was a place where he still knew many people.

*Oh we were, we were all, it was like, you know how a neighborhood raises a family? That's how we came up. The neighbors, any adult you know, worked, disciplined you, and it wasn't as big a thing as today.*

This finding supports the research by Coulton, Theodos, and Turner (2012), who found that low-income families living in high-poverty neighborhoods are often attached to their neighborhoods and have a positive outlook on their futures; many fewer families are dissatisfied but stay in low-income neighborhoods because they lacked viable alternatives.

Neighborhood conditions, measured through either subjective impressions or objective indicators, also did not play a prominent role in how respondents assessed the moves they made throughout their housing careers. Respondents' assessments about whether moves were good or bad (upward or downward) were unrelated either to their own subjective impressions of the neighborhoods from which and to which they were moving or to objective census-based indicators of neighborhood poverty, racial segregation, or housing conditions. The respondents' impressions of neighborhood conditions, for example, did not correlate with the upward or downward ranking of moves by respondents. Moving out of a neighborhood that they described in negative terms was statistically no more likely to be an upward move than a move out of a good neighborhood. Similarly, a move into a neighborhood they described in negative terms was no less likely to be positive than a move into a better neighborhood. Furthermore, moves that involved a reduction in neighborhood poverty were no more likely to be viewed positively than moves to higher poverty neighborhoods. The changing racial makeup of the neighborhoods was also unrelated to respondents' judgments of upward or downward mobility. Changes in median housing values and MFIs produced similar findings. In sum, neighborhood conditions, measured through either subjective impressions or objective indicators, did not play a prominent role in how respondents felt about the moves they made.

Having a choice about a move and receiving housing assistance did matter. Forced moves were marginally more likely to be downward than were discretionary moves (36 to 21 percent;  $\chi^2 = 5.49$ ,  $p = 0.06$ ). Moves into subsidized housing were seen as upward moves 77 percent of the time and lateral moves in 10 percent of the cases. Similarly, respondents characterized moves into housing with services as upward moves 85 percent of the time, and moves into transitional housing were positive moves in every case (100 percent). Affordability and control over mobility decisions are more proximate concerns than neighborhood characteristics for these very low-income households.

## Conclusion

Mirroring the findings of previous studies, our study found that very low-income participants relied heavily on informal housing arrangements and were often subject to moves that were not planned. The prevalence of informal housing arrangements for participants in the study highlights the importance of support networks in helping very low-income households make their way through the housing market. Most participants, by far, were subject to the generosity of family, friends, partners, and acquaintances several times in their adult lives; many relied on these informal arrangements as a consistent source of housing. Dependence on another person for housing, whether a parent, partner, friend, or acquaintance, may help families remain housed but provides very little in the way of housing security, however. When housed informally, the study participants still showed very unstable housing patterns. When doubled up or depending on extended family or friends for their accommodations, families were eager to change their housing to a place of their own. Even when families were not eager to leave to gain independence, informal arrangements were

unstable because they required continued harmony between or among the households sharing the space. Thus, we found that when informally housed our participants left for two overriding reasons: (1) because they wished to move into a place of their own, and (2) because of reasons related to breakdowns or changes in interpersonal relationships.

When formally housed, the participants in our study were no more stable in terms of length of residence. The reasons for instability in the formal housing market, however, had to do with the inability to continue paying the contract rent and the desire to improve housing or neighborhood conditions. The very low incomes typically reported for the families in this study made contract rents difficult to afford for a long period. The number of moves prompted by a desire to improve housing conditions (and the fewer moves prompted by neighborhood conditions) suggests that these families made tradeoffs between affordability and housing quality that were also difficult to sustain over time.

High residential instability levels were common across all participants in the study. About one-half of the moves reported by households in the study were forced rather than discretionary. The emergent nature of forced moves typically produced a very truncated housing-search strategy that does not at all resemble the classic mobility model of information gathering and weighing of alternatives. The constraints faced by these families and the reliance on interpersonal sources of information and support meant that neighborhood concerns were mostly irrelevant, both in their search for housing and in their evaluation of that housing. When neighborhoods were important to the participants of this study, it was for the ways in which they did or did not enable the families to fulfill other basic needs. That is, the availability of transportation, affordable and accessible grocery shopping, and proximity to friends and family were listed as frequently as crime and safety as the important aspects of neighborhood.

The findings produced by this study of the housing careers of very low-income households provide some important context for current policy initiatives. No evidence from this study, for example, suggests that neighborhood conditions were a central consideration in mobility choices. Neighborhoods were rarely mentioned as a reason for moving or referenced when evaluating the quality of housing accommodations, and the self-evaluation of upward or downward mobility bore no relationship to improvements or declines in neighborhood conditions. These findings are not to say that policy should ignore neighborhood environment or livability issues for very low-income households. Very low-income households benefit from access to decent housing in a safe, livable neighborhood even if “neighborhood” is not often on their radar. An understanding of the housing patterns of very low-income households does, however, call into question whether neighborhood environment should be the driving force behind housing policy. Policies that presume that a change of neighborhood environment is enough to produce a change in the fortunes of very low-income families ignore the significant importance of informal support networks in the lives of the target households. Forced relocation out of communities and into opportunity neighborhoods is especially insensitive to the necessary social supports that low-income families construct and maintain. This insensitivity is especially true of programs in which displacement and relocation are typically the only intervention experienced by needy families, a fact that has been true of most public housing redevelopment efforts (Levy and Woolley, 2007).

The introduction of more affluent families into mixed-income communities to achieve a diverse income mix provides little benefit for most very low-income households. This failure is especially true if introducing market-rate housing has the effect of reducing, rather than increasing, the amount of affordable housing immediately available to very low-income households, as has been demonstrated for so many public housing redevelopment efforts across the country (Goetz, 2013b). Policies that focus on poverty deconcentration and mixed-income neighborhoods often set in motion secondary market effects that result in gentrification, which only exacerbates the housing problems of very low-income households. Redevelopment through mixed-income housing rarely includes a one-for-one replacement of low-cost housing; when it does, the replacement units are often in communities that lack access to public transportation and services on which low-income families rely, as Fraser, Oakley, and Bazuin (2011) pointed out. The experiences of families in this study point to a set of needs that are more proximate than a change in neighborhood environment.

## Authors

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# **“It was really hard. ... It was alright. ... It was easy.”**

## **Public Housing Relocation Experiences and Destination Satisfaction in Atlanta**

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### **Abstract**

*This article uses data from an Atlanta-based longitudinal study following public housing residents from pending relocation through relocating between 2009 and 2010. Its purpose is to examine residents' satisfaction with the relocation experience and with their postmove home and neighborhood. In addition, we examine whether levels of relocation satisfaction or dissatisfaction were associated with any significant differences in destination neighborhood characteristics. We build on previous research concerning prerelocation attachment to community and the hard-to-house. Findings suggest some consistency with previous research on levels of attachment to public housing communities and residents who fall into the category of the hard-to-house. Specifically, being older, having a disability, having longer tenure in public housing, and experiencing postrelocation financial strain are significantly associated with lower levels of satisfaction with the relocation process. Our findings, however, are far more mixed concerning the relationship between levels of satisfaction with the relocation process and destination neighborhood characteristics and pose some questions about poverty deconcentration and mixed-income assumptions. Policy implications are discussed.*

## Introduction

In 1936, Atlanta became one of the first cities in the nation to provide low-income, project-based public housing to needy families; in the early 1990s, the city became one of the first to take advantage of Housing Opportunities for People Everywhere (HOPE VI), which, coupled with the massive redevelopment for the city's hosting of the 1996 Summer Olympics, resulted in national recognition for rethinking public housing. By 2011, Atlanta had become the first city in the country to eliminate all its traditional project-based public housing; it also eliminated five Section 202 highrises for seniors.<sup>1</sup> The final elimination of project-based public housing in Atlanta began in early 2007, when the Atlanta Housing Authority (AHA) announced plans to demolish the remaining 10 family public housing communities and two highrises for seniors. This last round of demolitions was not done under HOPE VI; rather, it was completed under Section 18 of the 1937 Housing Act, which, unlike HOPE VI, requires no immediate replacement of any units. About 10,000 former public housing residents have been relocated since 2007, bringing the grand total since 1994 to 50,000 residents (Oakley, Ruel, and Reid, 2013). For the last round of demolitions, the only relocation option residents were given was to move to private rental-market housing with a voucher through the Housing Choice Voucher Program (formerly Section 8). Despite this massive public housing transformation effort, now known as the *Atlanta Model*, only 7 of the more than 30 traditional public housing communities eliminated were awarded HOPE VI funds for redevelopment (Farmer, 2012). Thus, relocation to voucher-subsidized, private-market housing with neither the option to return to the redevelopments nor to move to other public housing is one hallmark of the Atlanta Model, and many other cities are following suit (Ruel et al., 2012).

Although a substantial body of research concerns public housing residents' postrelocation outcomes in terms of a variety of quality of life measures and the condition of the home and destination neighborhood, relatively little research has focused on how satisfied (or unsatisfied) the residents were with the relocation process. Research also has not examined whether the relocation process affected residents' postrelocation satisfaction and destination outcomes.

These issues are important for several reasons. First, as Goetz (2010) found, premove orientation toward the prospect of relocation played a role in subsequent postrelocation experiences and perceptions. In other words, residents who were more attached to their public housing communities were less likely to be satisfied with their relocated homes. Second, a body of research related to public housing transformation policy concerns what Popkin et al. (2008) termed "hard-to-house" households. These households include a variety of former public housing residents such as custodial grandparents, singles with disabilities or households with a disabled member, residents with chronic health issues (including elderly residents), residents with a criminal background, and very large families (see Cunningham, Popkin, and Burt, 2005). As Cunningham, Popkin, and Burt (2005) pointed out, such residents may (1) have greater difficulties negotiating the relocation process, (2) be less likely to find quality private-market housing with their voucher subsidy, and (3) not receive the support services they need after relocation. Finally, mass relocation of households

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<sup>1</sup> Section 202 came out of the 1959 amendment to the 1937 Housing Act. Its purpose was to provide affordable housing to very low-income households with residents 62 years of age or older (HUD, 2011).

typically occurs within a relatively short time and within the highly bureaucratic organizational systems of public housing authorities (PHAs) (Venkatesh 2002, 2000), which implies that, because of the bureaucracy, not all residents' relocation needs are met (Oakley, Ruel, and Wilson, 2008).

Using data from an Atlanta-based longitudinal study following public housing residents from pending relocation until after relocation, this article builds on the previous research by focusing on residents' level of satisfaction with the relocation experience and how that translated into postmove satisfaction with home and neighborhood. This article also examines whether levels of relocation satisfaction led to any significant differences in destination neighborhood characteristics. Because our sample included residents from both family public housing and highrise housing for seniors, we also examine whether variations in relocation, destination satisfaction, and neighborhood characteristics differ by origin housing type.

We begin with an overview of the existing HOPE VI relocation literature concerning resident destination outcomes and issues. Subsequently, we focus on the relocation process during Atlanta's last demolitions. Then we conduct descriptive, multivariate regression and Analysis of Variance (ANOVA) analyses using our survey data concerning the effect of satisfaction with the relocation process on postrelocation satisfaction with home and neighborhood, how this effect translated into variation in census tract-level destination neighborhood characteristics, and whether variation across home and neighborhood differed by origin housing type.

## **Public Housing Relocation**

The two existing multisite studies of HOPE VI relocations are the HOPE VI Panel Study and the HOPE VI Resident Tracking Study, both commissioned by Congress and conducted by the Urban Institute (Burton et al., 2002; Keene and Geronimus, 2011; Popkin, 2010; Popkin and Cunningham, 2002). Whereas the HOPE VI Panel Study tracked relocated residents longitudinally, the HOPE VI Resident Tracking Study provided a one-point-in-time snapshot of postrelocation living conditions. Popkin et al. (2009) summarized the major findings from these studies, concluding that for the most part results show significant improvements in the quality of life of relocated residents; they are living in neighborhoods that are safer and have lower poverty levels than public housing. Popkin et al. (2009) also pointed out, however, that many relocated residents struggle with the new challenges they face in private-market rental housing, and that those who moved to other public housing developments experienced an only minimal improvement from the communities they were forced to leave.

Case studies have captured some less positive nuances of relocation and placed greater emphasis on the fact that destination neighborhoods are as racially segregated as the public housing neighborhoods (see, for example, Burton, Levy, and Gallagher, 2007; Chaskin et al., 2012; Comey, 2007; Crump, 2002; Devine et al., 2003; Fischer, 2002, 2001; Fraser et al., 2004; Goetz, 2010, 2003, 2002; Greenbaum, 2008, 2002; Johnson-Hart, 2007; Keene and Geronimus, 2011; Keller, 2011; Kingsley, Johnson, and Pettit, 2003; Kleit and Manzo, 2006; Oakley and Burchfield, 2009; Venkatesh, 2002; Wang, Varady, and Wang, 2008). Other less positive outcomes include loss of important social support networks, increases in residential instability, and little benefit in terms of better employment and education opportunities. In fact, Chaskin et al. (2012) found evidence

of decreased earnings after relocation. Goetz (2010) also emphasized that, although destination neighborhoods may be less poor than public housing neighborhoods, poverty rates are typically greater than citywide rates.

How community attachment, loss of social support, and proximity to existing networks affect moving decisions and outcomes has been the subject of several studies. As Briggs (1998) pointed out, *social support* is a type of social capital essential to low-income residents that typically involves having locally based, homogeneous social ties (Boyd, 2008). Clampet-Lundquist (2010) found that families relocated from public housing in Philadelphia under HOPE VI lost their neighborhood-based social capital, which they drew on in public housing for safety. Therefore, residents felt more vulnerable in their new neighborhoods. Manzo, Kleit, and Couch (2008) found that community attachment was important to relocated residents. In their Atlanta public housing relocation study, Oakley, Ruel, and Reid (2013) likewise found that postrelocation home and neighborhood satisfaction was based largely on perceived community cohesion, not improved neighborhood characteristics. Also, as mentioned previously, Goetz (2010) found that prerelocation orientation toward the prospect of relocation played a role in subsequent postrelocation experiences or perceptions. Related to all these findings, Kleit and Galvez (2011) found that relocation decisions were driven largely by the desire to remain close to existing and needed social supports. In a previous study, Goetz (2003) found similar results.

In terms of the hard-to-house literature, the most extensive study to date came from the Urban Institute, documenting the Chicago Family Case Management Demonstration (Popkin et al., 2008). The origins of this demonstration came in part from the findings of the Urban Institute's HOPE VI Panel Study and Resident Tracking Study. Popkin, Levy, and Buron (2009), among other Urban Institute publications, found that, whereas those residents who were able to move back into the HOPE VI redevelopments had significant improvements in their quality of life, the outcomes for many others who relocated either with a voucher subsidy or to another traditional project-based public housing unit did not indicate any improvements. For example, according to Popkin (2006), in the first stages of the Chicago Housing Authority's (CHA's) Plan for Transformation, qualified households were simply given voucher subsidies and left to find housing by themselves. As Popkin (2006: 154) stated, "Families receiving vouchers ended up in neighborhoods that were racially and economically segregated; some residents were 'lost' before they could receive services to which they were entitled, and even more simply failed to move at all, ending up in 'temporary' housing in other CHA buildings, some of which were also slated for demolition."

Among those residents who ended up in these situations, specific characteristics became apparent; for example, large families, custodial grandparent households, disability and chronic health issues, and felony convictions (Theodos et al., 2010). The term *hard to house* was developed to describe these vulnerable subgroups. In response, the Chicago Family Case Management Demonstration was established to help hard-to-house households in public housing better negotiate the relocation process through intensive counseling (Popkin et al., 2008). According to Popkin et al. (2008), despite this help, many residents were not ready to make a move with a voucher during the first year of the demonstration.

Although this research has provided much-needed information on how to help these vulnerable public housing households make the transition to subsidized private-market rental housing, its

focus was not on residents' perceived satisfaction with the relocation process and how such attitudes may affect postrelocation satisfaction and destination characteristics. From the Atlanta public housing study, we found that this process was complex and very stressful.

## The Relocation Process Before the Last Demolitions in Atlanta

Note that most residents (88 percent) in our sample qualified for a voucher and were successful at leasing up. Those residents in our sample who did not receive a voucher typically ended up staying with relatives or in illegal boarding housings, extended stay hotels, and (in one case) a homeless shelter.

The relocation process began with a series of meetings with the residents at their public housing communities, led by AHA officials. These meetings were mandatory for anyone wishing to apply for a voucher, and officials provided the residents with an overview of the process, including information concerning eligibility, requirements, and procedures for obtaining a voucher subsidy. In addition, residents completed the necessary voucher paperwork at these meetings. HUD regulates voucher subsidies and requirements and bases ineligibility on federal guidelines concerning income levels and drug-related and sexual offender criminal history. According to HUD (2001), unless compelling special circumstances are presented, households are eligible for a voucher if they are making between 30 and 50 percent of the locality's median household income. No member of the household (that is, any member on the lease) is allowed to have had a felony conviction for a drug-related or sexual assault crime (HUD, 2001).

This entire process occurred between 6 months and 1 year before relocation actually began. Within only a few months, residents received notification of whether they had been approved for a voucher. To actually get the voucher, residents were then required to participate in the Good Neighbor Program. AHA (2008: 7) described this program as "a training series that prepares AHA-assisted families to transition successfully from environments of concentrated poverty into healthy mixed-income communities." The program provided information to voucher-qualified residents about compliance with private rental landlord and neighborhood expectations, including (1) caring for a unit and premises, (2) respecting the rights of neighbors, and (3) compliance with other essential conditions of tenancy. In addition, residents were assigned relocation counselors to assist them in finding a new place (AHA, 2008).

On completion of the Good Neighbor Program, residents begin the waiting-to-move process. Residents can look at single-family rental houses and apartments and express interest with the respective landlords and property managers. Landlords and property managers, however, typically do not allow a lease signing until the residents have evidence that their voucher has been issued. HUD distributes voucher subsidies to state PHAs first, and then allocates them to local PHAs in the state (HUD, 2001). Thus, at least in the case of our study, residents approved for a voucher received the official paperwork at different times, meaning that some residents were able to move before other residents. On receipt of the official voucher paperwork, the residents had 90 days to find a new place to live.<sup>2</sup>

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<sup>2</sup> The AHA did allow extensions of this deadline.

## Data and Methods

About 6 months after the AHA's 2007 announcement, members of the jurisdictionwide Public Housing Resident Advisory Board met with Georgia State University (GSU) sociology department faculty to discuss conducting a survey of residents' views about relocation and how relocation ultimately affected their lives and overall well-being. GSU formed the Urban Health Initiative to conduct this study.

Of the public housing communities slated for demolition, five were nearly vacant and one was inaccessible because the resident board president had already been relocated when we began developing the survey in early 2008. Thus, we targeted communities that would not begin relocation until September 2008 (which included four family developments and two highrises for seniors and people with disabilities).

We conducted a baseline (prerelocation) survey during the summer of 2008. We intended to compile a disproportionate random sample of 426 participants with equal numbers from each housing community ( $N = 71$ ). We initially achieved only 49 percent of our goal ( $N = 208$ ) because of constraints beyond our control, primarily regular interference from the AHA, but not related to characteristics of the public housing residents; thus, no systematic bias was introduced. We then opened the study up to volunteers to increase the sample size. An additional 103 residents volunteered. Our final sample size is 311, or 73 percent of our desired sample size, a major limitation of our study. We tested the random and nonrandom portions of the sample on all variables included in the study and found no significant differences on any variables, however.

All respondents were age 18 or older, more than 90 percent were the leaseholder, and only one member per household participated. Given that we knew which units were occupied in each housing community before sampling, we created postsurvey sampling weights to make the sample representative of the six public housing communities. Nonetheless, apply caution when making generalized inferences from this sample.

We reinterviewed our respondents 6 to 8 months after relocation, from November 2009 to September 2010. The survey was essentially the same as the baseline survey to assess prerelocation-to-postrelocation change. For the 6-month followup, we obtained a retention rate of 87 percent across the six relocating sites. At the writing of this article, we had recently completed data collection for the 24-month followup, data that are currently being cleaned.<sup>3</sup>

For this article, we limited the analyses to relocated respondents who completed both the pre-relocation and 6-month postrelocation surveys ( $N = 248$ ), dropping 13 cases with missing values on the relocation process variable. Two participants who did not participate at 6 months after relocation but did participate in the 24-month postrelocation interview were included in the analyses. Both participants experienced a hard relocation process. We then geocoded the addresses of the original public housing sample and the addresses residents lived in 6 months after relocation using 2010 census boundaries. Using the geocodes, we attached census tract identifiers for each

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<sup>3</sup> Our retention rate between waves two and three is 91 percent.

participant and merged the survey data with 2005–2009 American Community Survey (ACS) data. In this process, we limited the sample to those who moved within the Atlanta metropolitan area (dropping five out-of-state cases), giving us a final full sample size of 232.

Before presenting our multivariate analysis, we provide a thematic map of where residents moved, average census tract characteristics from the 2005–2009 ACS, and crime statistics from the Atlanta Police Department 2009 *Crime Incident Reports*.

## Perceived Relocation Satisfaction Constructs

Our dependent variable comes from an open-ended question asked at the 6-month postrelocation interview and at 24 months for those few respondents lost to followup at 6 months. Specifically, we asked, "Looking back, how would you describe the relocation process?" Answers ranged from statements like, "It wasn't a problem because I found a place and everything just went smoothly"; to, "Kind of stressful" or, "It was a fair process, it was ok"; and then finally to statements like, "The process was stressful because you did not know where you were going and you were just looking around. ... It was very stressful" and, "It was horrible. I had to move from a place where all my friends were like family and now I am in the middle of nowhere."

Two authors independently coded responses to this question, met, and came to consensus on the categories to use to describe the process. A consistent theme became apparent. They then recoded the question using the agreed-on categories. After we achieved more than 65 percent agreement on the codes, the two authors met and coded the remaining responses together and refined the category definitions. We created six codes: process was (1) hard, terrible, or traumatic with stress; (2) stressful; (3) somewhat stressful; (4) OK/alright/fair; (5) good/fine; (6) easy/smooth. Given the difficulty in distinguishing "good/fine" from "easy/smooth" and distinguishing "hard, terrible, or traumatic with stress" from "stressful", we then collapsed the six categories into three: (1) hard, (2) neutral, and (3) easy relocation experience. For this analysis, we are interested in the characteristics of public housing residents who thought the relocations were easy, so we dichotomized the variable with easy relocation experience coded as 1 and neutral and hard coded as 0.

We controlled for variables that might predict an easy relocation experience. First is a dummy variable for moving from family housing versus from a highrise for seniors. We include this variable for three reasons. First, family housing and senior housing were very different. The family housing was barrack-style, in worse condition, and farther from the city center. Second, the neighborhoods differed: the family housing was located in poorer, more racially segregated, and higher crime areas. Third, a major finding from our premove baseline survey was that, although the majority of the family housing residents wanted to move (73 percent), the majority in senior housing did not want to move (61 percent). Because there were seniors in family housing, we also included age as a control.

Disability status was coded 1 for individuals who said they did not work because of a disability or who said carrying groceries, walking up a flight of stairs, or walking around the neighborhood without assistance was a significant problem, and coded 0 for individuals who did not indicate any of these problems. A dummy variable for having a chronic condition was coded 1 for respondents who had been diagnosed with at least one of the following conditions: high blood pressure, heart disease, asthma, arthritis, stroke, or cancer. We measured tenure in public housing in years.

Experiencing financial strain is a dummy indicator, with 1 coded as not having enough money to make ends meet most months in the past year and 0 coded as having more than enough money, some money left over, or barely enough money to make ends meet at the end of most months.

Having no friends in public housing is a dummy variable, with 1 coded as having no friends living in public housing and 0 coded as having at least a few friends living in same public housing community. We asked respondents if they thought the condition of their postrelocation home was excellent, good, fair, or poor. We also asked respondents if they were (1) very satisfied, (2) somewhat satisfied, (3) in the middle, (4) somewhat dissatisfied, or (5) very dissatisfied with their postrelocation neighborhood. We did not include race, gender, marital status, education, or income as controls because of lack of variation.

For the second set of analyses, we used several measures from the ACS 2005–2009 census tract-level data. We used percentage of residents living in poverty, percentage of households that are female headed, percentage of household heads who are unemployed, percentage of homes that are vacant, percentage of homes that are occupied by renters, percentage of homes that are more than 30 years old, and percentage of residents who are non-Hispanic African American. Turnover in the neighborhood is measured by the percentage of households living in the same place for less than 10 years. Finally, we include a measure we call high former public housing receiving neighborhood. Our receivership categorization is similar to that of Popkin et al. (2012). High-receiving neighborhoods had more than 12 former public housing households move in, medium-receiving neighborhoods had 5 to 12 former public housing households move in; low-receiving neighborhoods had fewer than 5 former public housing households move in. In some analyses we present, we dichotomize our receivership variable so that high receiving is coded 1 and all other is coded 0. In preliminary analyses, we also included educational attainment and household size as predictors of an easy relocation process, but they were not at all significant and, because our sample size is very small, we decided to drop them.

## Multivariate Analysis

We ran generalized estimating equations, or GEE, for these analyses using the GENMOD (Generalized Linear Model) procedure in SAS® version 9.2 to deal with the autocorrelation inherent in clustered data (six communities) (Liang and Zeger, 1986). In this case, we use the public housing community as our cluster, because 6 months is not a sufficient time to diminish the autocorrelation of living in a specific public housing community. In addition, we run logistic regression models in which the outcome is the probability of experiencing an easy relocation process versus not experiencing an easy relocation process. We present raw logit estimates and standard errors. Finally, to examine whether destination home and neighborhood conditions differ significantly between those who experienced an easy relocation and those who did not, we use ANOVA procedures to test mean differences in reported home and neighborhood conditions.

## Results

Exhibit 1 shows the demographic information for our initial sample and the sample in our present analysis. Although we were unsuccessful in locating about 13 percent of those who participated

## Exhibit 1

### Weighted Sample Demographics

Variable	Baseline Sample		Analysis Dataset	
	N	%	N	%
Number of cases weighted	311 <sup>a</sup>	NA	232 <sup>b</sup>	75
Female	263	85	188	81
African American	298	96	222	96
Age				
18–44	142	46	92	40
45–64	122	39	97	42
65+	47	15	43	19
Years in public housing				
Fewer than 2 years	106	33	70	30
2–4 years	58	19	53	23
4–8 years	66	21	52	22
More than 8 years	81	26	57	25
Have high school degree or GED	170	55	118	51
Married	15	5	16	7
Monthly income	\$832.41		\$831.71	

GED = general equivalency diploma. NA = not applicable.

<sup>a</sup> Does not include the nonrelocating control group.

<sup>b</sup> Of the 232 original respondents, 24 died before the 6-month interview, we were unable to locate 31 for the 6-month interview, 5 moved out of state before the 6-month interview, and 11 had missing information on one or more of the outcome variables.

in the baseline survey, and another 6 percent died, the population characteristics among the three survey periods are very similar. Comparing those who participated in the baseline survey with only those who participated in the 6-month followup, however, age is different, meaning younger people were less likely to participate in the 6-month followup.

Most of our sample, by far, were African American (96 percent) and female (85 percent); 46 percent were between the ages of 18 and 44 years, another 39 percent were between the ages of 45 and 64 years, and 15 percent were 65 years or older. Nearly three-fourths reported living in public housing for between 2 and 8 years. Only 5 percent reported being married, and the average number of children younger than age 18 in the household was two. Only 55 percent reported having a high school degree or general equivalency diploma (GED), and the average monthly income was \$832.41, putting these households, regardless of size, well below the federally established poverty line.

Exhibit 2 presents basic descriptive statistics of the variables used in our analyses. The topmost rows of exhibit 2 provide the distribution for the original coded variable and the final dichotomous variable. Findings indicate that 31 percent considered the relocation process either hard, terrible, or traumatic with stress (15 percent) or stressful (16 percent). Another 15 percent considered it somewhat stressful, 18 percent reported it being ok/alright/fair, and 37 percent considered it either good/fine (18 percent) or easy/smooth (19 percent). On a scale of 1 (excellent) to 4 (poor), the average level of satisfaction with the new home is 1.79. On a scale of 1 (very satisfied) to 5 (very dissatisfied), the average level of satisfaction with the new neighborhood is 2.04. The average tenure in public housing is 6.2 years, and the average age is nearly 46. The means for the computed dichotomous variables (living in a family project, being disabled, having a chronic health condition,

**Exhibit 2****Descriptive Statistics of Variables Used in the Analysis**

<b>Relocation Process</b>	<b>Mean/Proportion</b>	<b>Range</b>
Hard, terrible, or traumatic with stress	0.15	
Stressful	0.16	
Somewhat stressful	0.15	
Okay/alright/fair	0.18	
Good/fine	0.18	
Easy/smooth	0.19	
Easy relocation	0.37 (0.48)	0–1
Live in family project	0.76 (0.42)	0–1
Age	45.70 (16.78)	19–93
Have disability	0.57 (0.50)	0–1
Have chronic health condition	0.58 (0.49)	0–1
Tenure in public housing in years	6.22 (6.92)	0.25–38.00
Financial strain	0.16 (0.37)	0–1
No public housing friends	0.35 (0.48)	0–1
Condition of postrelocation home (1 = excellent, 2 = good, 3 = fair, 4 = poor)	1.79 (0.83)	1–4
Satisfaction with postrelocation neighborhood (1 = very satisfied, 2 = somewhat satisfied, 3 = in the middle, 4 = somewhat dissatisfied, 5 = very dissatisfied)	2.04 (1.26)	1–5
High former public housing-receiving neighborhood	0.08 (0.27)	0–1
Neighborhood percent of homes more than 30 years old	64.81 (21.84)	14.81–96.76
Neighborhood percent of homes vacant	21.27 (8.37)	6.93–45.13
Neighborhood percent renters	51.92 (14.86)	12.49–80.69
Neighborhood percent living in same place less than 10 years	70.72 (15.22)	38.91–100.00
Neighborhood percent in poverty	31.73 (11.49)	3.85–64.26
Neighborhood percent female-headed households	19.28 (8.60)	1.72–40.04
Neighborhood percent unemployed	17.12 (6.57)	1.71–34.90
Neighborhood percent non-Hispanic African American	84.53 (22.78)	6.54–98.25

Notes: Neighborhood characteristics represent the census tracts where the public housing residents moved and are from the 2005–2009 American Community Survey. N = 232. Standard deviations in parentheses.

having financial strain after relocation, and having no public housing friends in destination neighborhoods) show a mixed story. Specifically, the level of being disabled or having a chronic condition is nearly 0.60, but experiencing financial strain is only 0.16. Likewise, having no public housing friends is 0.35, indicating that most did have friends in public housing. Interestingly, the dichotomous variable concerning whether a resident moved to a high-receiving neighborhood is 0.08, indicating that most residents in the sample did not move to this type of area.

The average neighborhood characteristics for the sample used in our analysis, shown in exhibit 2, are consistent with previous research. Specifically, on average, these former public housing residents are moving to neighborhoods with less poverty (but not low poverty) that are racially segregated; the average poverty level is nearly 32 percent, and the average percentage non-Hispanic African American is more than 84 percent. On average, they are also moving to neighborhoods where the percentage of homes built more than 30 years ago is high (nearly 65 percent). These neighborhoods are also characterized by a high mobility level, with an average of nearly 71 percent living in the

same place for less than 10 years. Average unemployment is about 17 percent and the average of households that are female headed is nearly 20 percent. Average vacancy is slightly more than 21 percent, and the average of households who are renters is nearly 52 percent.

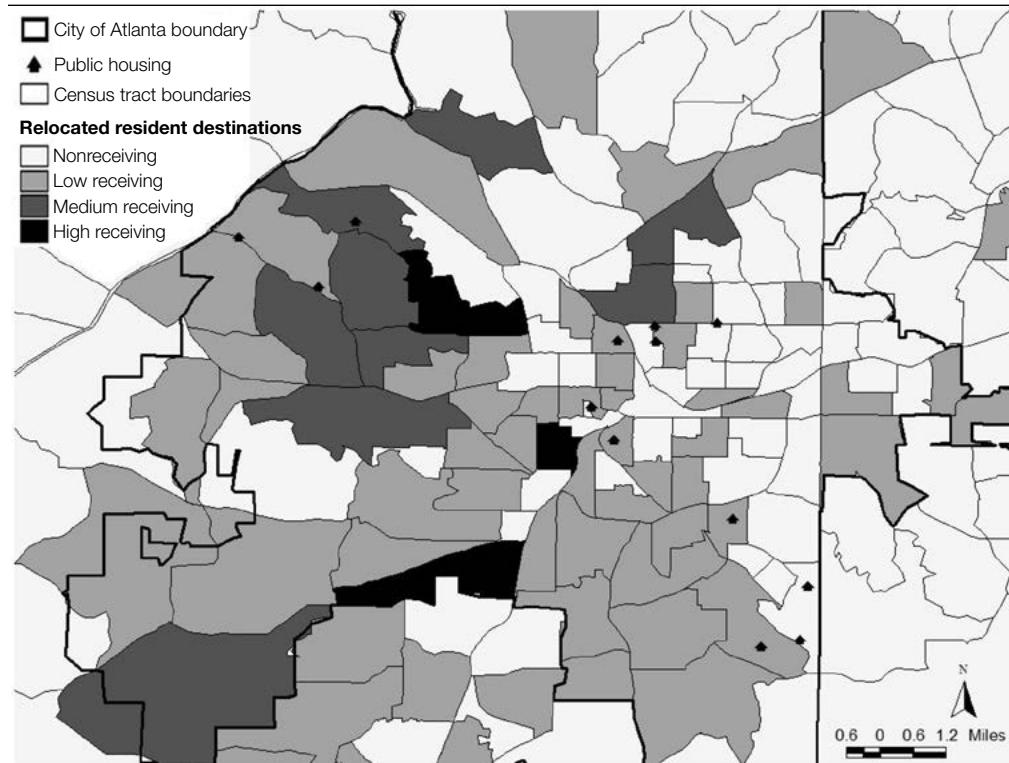
## Neighborhood Characteristics by Level of Receivership

To put our subsequent multivariate analysis in perspective, we also provide some descriptive information at the census tract level for the entire sample (including those residents we drop from the subsequent multivariate analysis of relocation satisfaction) by levels of receivership. Exhibit 3 shows the receivership categories by census tract. Based on the distribution of former public housing households across the destination census tracts, we came up with the following categorization: (1) nonreceiving; (2) low receiving, meaning 1 to 5 households; (3) medium receiving, meaning 6 to 12 households; and (4) high receiving, meaning more than 12 households.

Exhibits 4 and 5 show the average tract-level population and socioeconomic characteristics by level of receivership. Exhibit 4 provides this information for the city of Atlanta and includes crime information. Exhibit 5 shows the population and socioeconomic information for the suburbs (note that the crime data are not available for the suburbs). On average, all the receiving tracts differ substantially from the nonreceiving tracts. Based on 2000 census tract boundaries, of the 660 census

### Exhibit 3

Public Housing Relocation Receivership, by Census Tract



**Exhibit 4****Average Characteristics of Destination Census Tracts Within the City of Atlanta**

	<b>Citywide</b>	<b>Non-receiving</b>	<b>Low Receiving</b>	<b>Medium Receiving</b>	<b>High Receiving</b>	<b>Average Receiving</b>	<b>Public Housing</b>
Nonviolent crime rate	96.97	106.22	95.83	67.88	94.69	81.13	97.76
Violent crime rate	20.83	18.96	23.79	16.96	25.71	22.15	26.93
Total population	4,511	4,467	3,841	6,115	5,278	5,078	3,001
Percent non-Hispanic African American	60.00	46.00	71.10	75.14	95.21	80.48	73.40
Percent non-Hispanic White	31.00	44.00	21.00	17.00	3.00	13.70	16.15
Percent Hispanic	5.20	6.01	5.22	4.18	1.41	3.60	6.00
Percent vacancy	22.00	19.00	25.00	24.08	21.27	22.70	25.13
Percent rental household	41.24	40.00	43.50	39.02	61.58	48.03	54.15
Percent homeowner household	37.00	41.46	32.00	37.00	17.14	28.71	21.00
Percent poverty	22.40	21.00	33.54	26.10	29.00	29.55	41.11
Number of census tracts	121	58	48	13	3	64	12

Sources: 2005–2009 American Community Survey 5-year estimates; Atlanta Police Department crime incident reports, 2009

**Exhibit 5****Average Characteristics of Destination Census Tracts in Suburban Atlanta**

	<b>Metropolitanwide</b>	<b>Suburb Nonreceiving</b>	<b>Suburb Receiving</b>
Total population	7,702	8,455	7,408
Percent non-Hispanic African American	35.58	29.16	49.00
Percent non-Hispanic White	49.52	55.00	31.16
Percent Hispanic	9.35	10.03	14.56
Percent vacancy	13.00	10.46	16.09
Percent rental household	29.53	26.57	35.00
Percent homeowner household	58.00	63.00	49.01
Percent poverty	15.00	12.00	16.00
Number of census tracts	660	549	20

Source: 2005–2009 American Community Survey 5-year estimates

tracts in the Atlanta metropolitan region, former public housing residents moved to 84, with 64 within the city limits. Thus, less than 10 percent of our sample moved outside the city limits, and those who did so typically relocated to tracts adjacent to the city boundaries with relatively similar neighborhood characteristics to the characteristics of the tracts to which those who relocated within the city moved. The average distance moved is only 3 miles. Thus, by far, most relocated residents are not far from the former public housing locations.

We begin with the average census tract characteristics by receivership for the city, shown in exhibit 4. In terms of racial composition, low-receiving, medium-receiving, and public housing census tracts range from 71 to 75 percent African American. High-receiving tracts average 95 percent African American, and the average percentage African American across all levels of receivership is slightly more than 80. By contrast, nonreceiving tracts are 46 percent African American, and the citywide

percentage is 60. Thus, a clear pattern of racial segregation is apparent; former public housing residents are not moving to more racially integrated neighborhoods, and, in fact, the level of racial segregation is much greater in high-receiving tracts than in the public housing census tracts.

Nonreceiving neighborhoods have the lowest vacancy and medium-receiving neighborhoods have the lowest renter household percentages. Across the other receivership categories and citywide, however, little difference emerges except in the high-receiving tracts, where the proportion of rental households is about 20 percentage points more. Homeownership percentages are less in high- and low-receiving tracts and in the public housing tracts as compared with the percentages in nonreceiving tracts and citywide. Medium-receiving tracts, however, have a homeownership percentage equal to that of the city. The average across all receiving tracts is slightly less than 29 percent as compared with the citywide average of 37 percent and the nonreceiving tract average of slightly more than 41 percent.

Poverty percentages across all receiving and public housing tracts are greater than the citywide and nonreceiving tract percentages. Whereas the citywide poverty rate is 22.4 percent, and the nonreceiving tract rate about the same, the poverty rate for the low-receiving tracts is 33.5 percent, for medium-receiving tracts is 26.0 percent, and for high-receiving tracts is 29.0 percent, with an average across all receiving tracts of 29.6 percent. The poverty rate for the receiving tracts is between 7.5 and 12.0 percentage points less than for the public housing tracts. Like those of previous studies, our findings reveal that residents are moving to neighborhoods with less poverty than public housing. The widely accepted definition of low-poverty neighborhoods is 20 percent or less, however (Goetz, 2003). All levels of receivership neighborhoods in our study exceed this threshold by between 6.0 and 13.5 percent, and the citywide and nonreceiving figures also exceed this threshold.

Crime trends indicate some interesting patterns. Specifically, the nonviolent crime rate per 1,000 people is greatest (106) in the nonreceiving tracts and least in the medium-receiving ones (68). By contrast, the citywide, low-receiving, and high-receiving rates are nearly equivalent (95 to 97), with the average across all receiving tracts at 81. The nonviolent crime rate for public housing is greater than for all the receiving and citywide tracts, at nearly 98. Similarly, the violent crime rate is least (17) in the medium-receiving neighborhoods even compared with crime rates in the citywide (21) and the nonreceiving (19) tracts. Low-receiving neighborhoods have a rate of 24 and high-receiving neighborhoods a rate of 26, with the average across all receiving tracts at 22. The rate in the public housing tracts is the greatest, at 27.

Exhibit 5 shows the suburbanwide population and socioeconomic characteristics compared with the averages for the receiving and nonreceiving census tracts. Because most residents stayed within the city limits, the numbers of households per suburban census tract varied little, with the average being three. Therefore, we simply categorize the suburban tracts as receiving or nonreceiving.

Findings indicate that, although the receiving tracts are more disadvantaged and racially segregated on average than both the nonreceiving and metropolitanwide tracts, they are less disadvantaged than public housing. In addition, residents who moved to the suburbs are living in far less disadvantaged and racially segregated tracts than those residents who moved within the city, which in large part reflects disparities that have existed between the urban and suburban regions of metropolitan areas around the country since suburbanization began in the 1950s. The fact that so few residents in our

study (10 percent) left the city proper suggests both structural barriers (such as lack of public transportation) and individual choices (reluctance to move too far away from existing social supports).

Exhibit 6 presents the first set of logistic regressions. Model 1 presents raw logits and standard errors from logistic regression of an easy relocation process. Residents of family projects are significantly more likely than residents of projects for seniors to have experienced an easy relocation process ( $b = 0.96$ ). For each additional year of age, the probability of an easy relocation increases significantly, by 0.04 logits. Having a disability is significantly associated with 0.60 lower logged odds of an easy relocation process than the nondisabled. Having a chronic health condition is not associated with the ease of the relocation process, however. Each additional year living in public housing (tenure) is associated with a 0.07-logged odds reduction in experiencing an easy relocation process. Those experiencing financial strain have 1.26 lower logged odds of an easy relocation process than those with no financial strain. Having no friends in the public housing community is associated with 0.52 higher logged odds of an easy relocation process than those with friends in public housing community.

## **Exhibit 6**

### **Logistic Regressions of Having an Easy Relocation Process on Baseline Hard-to-House Characteristics**

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>	<b>Model 5</b>
Intercept	–0.85*** (0.09)	–0.78** (0.28)	–0.87*** (0.15)	–0.91*** (0.09)	–0.64*** (0.11)
Live in family project	0.96*** (0.26)	0.89+ (0.48)	0.99** (0.33)	0.92** (0.31)	0.68* (0.31)
Age	0.04** (0.01)	0.04** (0.01)	0.04** (0.02)	0.04* (0.02)	0.04** (0.01)
Have disability	–0.60** (0.20)	–0.69*** (0.09)	–0.61** (0.21)	–0.54* (0.22)	–0.61** (0.19)
Have chronic health condition	–0.06 (0.09)	–0.07 (0.10)	–0.07 (0.08)	–0.05 (0.09)	–0.04 (0.19)
Tenure in public housing in years	–0.07* (0.03)	–0.07* (0.03)	–0.07* (0.03)	0.01 (0.03)	–0.07* (0.03)
Financial strain	–1.26* (0.50)	–1.26* (0.50)	–1.10** (0.38)	–1.23* (0.51)	–1.27* (0.50)
No public housing friends	0.52* (0.22)	0.52* (0.22)	0.52* (0.22)	0.48* (0.22)	–0.14+ (0.08)
Live in family—disabled		0.11 (0.33)			
Live in family—financial strain			–0.21 (0.89)		
Live in family—tenure in public housing in years				–0.11** (0.03)	
Live in family—no public housing friends					0.85** (0.29)
QIC	283.51	283.86	284.74	283.85	282.22

QIC = Quasilikelihood under the Independence Model Criterion (goodness of fit).

\*  $p \leq .10$ . +  $p \leq .05$ . \*\*  $p \leq .01$ . \*\*\*  $p \leq .0001$ .

Notes: The reference categories are living in housing for seniors or people with disabilities, having a functional limitation or disability, having no chronic conditions, and having no financial strain. Raw estimates and standard errors in parentheses.

Models 2 through 5 explore whether the hard-to-house characteristics vary by type of housing project. This examination is important because the effect of relocation on residents of housing for seniors has received little examination. All noninteracted variables change little if at all, and therefore we will not reinterpret them but focus solely on the interactions. In model 2, we interact disability status with housing type. Having a disability is associated with 0.69 lower logged odds of an easy relocation process, but the odds did not differ significantly for residents of family housing versus housing for seniors.

Model 3 interacts financial strain by housing type. Experiencing financial strain is associated with 0.11 lower logged odds of an easy relocation process, but the odds did not differ significantly for residents of family housing versus housing for seniors. Model 4 interacts tenure in public housing with type of housing project. A significant difference emerges in the association of tenure in public housing with the relocation process for residents of family housing versus housing for seniors.

Each additional year of tenure in public housing reduces the logged odds of an easy relocation process for family housing residents compared with the corresponding odds for residents of housing for seniors. Model 5 interacts having no friends in public housing with type of housing project. A significant difference emerges in the association of having no friends in public housing with the relocation process for residents of family housing versus housing for seniors. Those in family housing with no public housing friends had a 0.85-logged odds greater likelihood of an easy relocation process than residents of housing for seniors.

In sum, being older and from housing for seniors, having a disability, experiencing financial strain, and living a longer time in public housing decreased the probability of experiencing an easy relocation process. What are the consequences in terms of the new homes and neighborhoods of not experiencing an easy relocation process? Does it lead to worse home and neighborhood conditions?

Exhibit 7 presents mean differences in reported home and neighborhood conditions and objective census tract-level measures of neighborhood conditions between those who experienced an easy

## **Exhibit 7**

### Predicting Home and Neighborhood Consequences of Easy Relocation Versus Not Easy Relocation

	Mean for Not Easy Relocation	Mean for Easy Relocation	F-Test
Condition of postrelocation home (1 = excellent, 2 = good, 3 = fair, 4 = poor)	1.93 (0.85)	1.57 (0.77)	9.46*
Satisfaction with postrelocation neighborhood	2.27 (1.28)	1.66 (1.12)	14.19**
High former public housing receiving neighborhood	0.06 (0.23)	0.11 (0.31)	4.95*
Neighborhood percent of homes more than 30 years old	62.76 (21.34)	68.17 (22.39)	1.22
Neighborhood percent of homes vacant	21.48 (8.68)	20.92 (9.14)	0.37
Neighborhood percent renters	52.43 (14.40)	51.08 (15.69)	0.12
Neighborhood percent living in same place less than 10 years	73.12 (14.03)	66.80 (16.44)	5.15*
Neighborhood percent in poverty	32.09 (11.32)	31.16 (11.86)	0.27
Neighborhood percent female-headed households	18.63 (8.93)	20.35 (7.90)	4.06
Neighborhood percent unemployed	16.13 (6.94)	18.75 (5.50)	10.15*
Neighborhood percent non-Hispanic African American	79.93 (26.29)	92.02 (11.00)	17.16***

\*  $p \leq .05$ . \*\*  $p \leq .01$ . \*\*\*  $p \leq .0001$ .

Note: Raw estimates and standard errors in parentheses.

relocation and those who did not, along with the reported ANOVA test results. Resident evaluation of both home and neighborhood is significantly greater for those who experienced an easy relocation than for those who did not. Those who experienced an easy relocation also were significantly more likely to move into neighborhoods where at least 12 others from our sample moved compared with those who did not experience an easy relocation.

In terms of the census tract measures, no significant difference emerges between the neighborhoods of those who had an easy relocation and those who did not in terms of neighborhood percentage vacancy, percentage renters, and percentage older homes. Approximately 20 percent of homes were vacant in neighborhoods for each group. For each group, slightly more than 50 percent of all occupied homes were occupied by renters. Although the neighborhoods chosen by those experiencing an easy relocation had more older homes, the difference was not significant. A significant difference does emerge, however, in the level of neighborhood turnover. Those who experienced an easy relocation moved into neighborhoods with significantly less turnover (66.8 percent) than those who did not experience an easy relocation (73.0 percent).

The neighborhood poverty level for those who did and did not experience an easy relocation exhibits no significant difference. Those who experienced an easy relocation chose neighborhoods with significantly greater proportions of both female-headed households and unemployed heads of households than did those who did not experience an easy relocation. Similarly, those who experienced an easy relocation ended up in more racially segregated neighborhoods, with 92 percent non-Hispanic African-American neighbors, compared with the neighborhoods of those without an easy relocation (79 percent African American).

## Discussion and Conclusion

The goal of this article has been to examine whether perceived levels of satisfaction with the relocation process among former public housing residents affected postrelocation satisfaction with home and neighborhood and to examine whether there are significant differences in destination neighborhood characteristics based on levels of satisfaction with the relocation process. We conducted this analysis using data from an Atlanta-based longitudinal study following public housing residents from pending relocation through being relocated, interviewing them before relocation and then 6 months after relocation.

Overall, our destination neighborhood-level findings are consistent with the previous research: by and large, former public housing residents are moving to neighborhoods that have less poverty (but not low poverty) and that are safer than, but just as racially segregated as, their former neighborhoods. Our findings are also consistent with the previous research concerning levels of attachment to public housing communities and residents who fall into the category of hard-to-house. Specifically, being older, having a disability, having a longer tenure in public housing, and experiencing postrelocation financial strain are significantly associated with lower levels of relocation process satisfaction. Although those in highrise housing for seniors or people with disabilities were less likely to experience an easy relocation process, they were not the only hard-to-house residents. Within family housing, those residents with longer tenure and greater attachment to the community in terms of networks were less likely to experience an easy relocation process.

The findings are far more mixed concerning the relationship between levels of relocation-process satisfaction and destination neighborhood characteristics. First, no significant difference emerges in terms of levels of satisfaction and levels of neighborhood poverty. In other words, regardless of poor satisfaction or high satisfaction, residents are moving to neighborhoods with similar poverty levels. On the other hand, those residents with high satisfaction are moving to neighborhoods that are more stable in terms of mobility, but these neighborhoods also have a significantly higher proportion of female-headed households, unemployment, and racial segregation.

What, then, do these findings imply for the policy imperatives to use public housing demolition and relocation in an effort to deconcentrate poverty and, in the process, create mixed-income developments and places? The most obvious implication is that the policy discourse clearly does not match up with residents' perceptions in terms of being relocated and postrelocation satisfaction. The relationship appears direct between those who were less satisfied with the relocation process and those who are less satisfied with their postrelocation home and neighborhood. The relationship between relocation process levels of satisfaction and postrelocation neighborhood characteristics tells a different story, however. There is no statistical difference in neighborhood levels of poverty, and, although those who were more satisfied with the relocation process ended up in more stable neighborhoods, those neighborhoods had higher racial segregation.

The underlying assumptions of the poverty deconcentration imperative clearly are not supported by our analyses. More specifically, our analyses point to the importance of acknowledging that one size does not fit all and that resident perceptions matter. Public housing transformation efforts using relocation to the subsidized private rental market need to better accommodate the varying circumstances of the residents before relocation and their relocation preferences within the context of health conditions, disability, age, public housing tenure, and essential social supports.

Our findings also speak to the importance of proactively including residents' voices in the relocation process and not simply assuming that they will be better off because they are moving out of public housing and into neighborhoods with less poverty. Lastly, although at least in our sample the majority of residents in family housing expressed a desire to move (whereas the majority of those in senior housing did not want to move), an explicit acknowledgement that these are forced moves needs to be better incorporated into such policies.

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## **Commentary**

*These comments relate to the articles in this Cityscape symposium by Basolo, by Skobba and Goetz, and by Oakley, Ruel, and Reid.*

# **Market-Driven Public Housing Reforms: Inadequacy for Poverty Alleviation**

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The three preceding articles in this symposium raise the similar question of how very low-income households (some of whom move with the assistance of the Housing Choice Voucher Program [HCVP]) fare across a range of potential outcomes, including employment, residential stability, housing satisfaction, school quality, and neighborhood economic conditions. In this commentary, I first briefly frame the historical and political context that led to public housing policy reforms, before summarizing the findings from the three articles in this section. Coinciding with the implications suggested by the authors, I make strategic recommendations for programmatic and structural changes that aim to create greater access to affordable rental apartments and to supportive housing interventions. My central argument throughout this commentary is that market-based housing strategies aimed at mobility alone will not significantly shift economic and social outcomes for extremely low-income households. As these articles suggest, poverty alleviation requires more than access to private-market rental housing. In closing, I offer policy recommendations that aim to re-allocate federal housing assistance by increasing the supply of affordable housing units, providing universal tax incentives for renters, expanding the use of vouchers to unsaturated neighborhoods, and creating supportive housing interventions to address deep and persistent poverty.

## **Public Housing Transformation and Market-Driven Policy Reforms**

The underlying rationale of the HCVP, particularly as it relates to public housing reforms, prioritizes the private-market provision of affordable rental housing. The historical and political context is relevant in order to assess the findings and implications of these three studies, as well as the others in this symposium on mixed-income housing strategies.

Since the late 1960s, the federal governments' role for the provision of affordable rental housing has steadily embraced strategies that subsidize private owners of rental properties. As opposed to

publically owned properties, most new affordable housing units have been built through federal initiatives—such as the Low Income Housing Tax Credit (1986) and HOME funds from the National Affordable Housing Act (1990)—that use public funding to leverage private financing (Erikson, 2009; Fraser, Oakley, and Bazuin, 2012; McCarty, 2012; Schwartz, 2010). Subsidizing private development has been argued by political opponents of large government bureaucracy as a more efficient and timely method for producing affordable rental housing. Advocates of privatization claim the U.S. government has historically failed to adequately deliver necessary quality services, in part because of the inefficient state bureaucracies that are poorly managed and not properly incentivized. The reduction of government services encourages private-sector entities to enter new markets that were previously untapped. Private-sector actors, seeking to maximize their economic interests, will deliver better quality services, at lower costs. Individual citizens benefit by having an expanded market with more attractive alternatives than were previously available when the public service was the only option (Ellickson, 2010; Glaeser and Gyourko, 2008; Husock, 2003; Marcuse and Keating, 2006).

The underlying rationale for reforms suggests that market investment into the built environment of places long associated with concentrated poverty is necessary because the public-sector interventions have failed. If urban neighborhoods are to be radically reshaped, then a significant portion of the subsidized public housing rental units (and the renters living in them) will need to be replaced with housing and other related amenities that increase the potential for economic development.

These housing policy reforms reflect a broader movement of the U.S. welfare state that increasingly shifts responsibility from the public sector to the private sector for the provision of necessary goods and services, such as affordable rental housing. The trend in U.S. policymaking, which is increasing, has been to retrench government programs that meet basic needs for vulnerable citizens (such as for food, shelter, safety, and health) and to implement a private-sector model in which nongovernmental institutions are engaged by public policies to respond to individual needs. This shift places the role of the state in a removed or hidden position, as the government contracts out the direct operations of rental housing to private actors (Dreier, 2006; Hacker, 2002; Marcuse and Keating, 2006). These alterations in housing policy became widely embraced in the 1970s with federal housing assistance models that used rental subsidies to essentially reserve existing units in the private housing market. Rather than making an investment in rehabbing the old public housing units or constructing new units, the federal government policies since the mid-1980s responded to criticisms and shortcomings of the public housing program by inducing the private market to deliver affordable rental units.

A movement in the mid-1990s to reform public housing and deconcentrate poverty resulted in two major approaches that continue to dominate the policy agenda. The first focuses on dispersing public housing tenants and relocating them primarily through the use of the HCVP. Instead of living in public housing projects they would move to privately owned apartments where their rent would be subsidized by vouchers (Goetz, 2003; Varady et al., 2005). The second framework of mixed-income development focuses on redeveloping public housing sites through demolition, renovation, and the construction of new housing, primarily as embodied in the Housing Opportunities for People Everywhere (HOPE VI) Program. The new developments would, it was argued, attract residents with higher incomes to urban low-income neighborhoods while maintaining a portion of the

units for lower income residents (Fraser, Oakley, and Bazuin, 2012; Joseph, Chaskin, and Webber, 2007; Popkin et al., 2004; Smith, 2006). The policy framework of mixed-income development depends on the first strategy of dispersal because the mixed-income model necessitates the removal of tenants who live in redeveloping public housing sites, only a portion of whom are eligible and able to return the site. In contrast to the mixed-income development strategy, the dispersal strategy through housing vouchers does not aim to integrate public housing residents in close proximity to housing units that are not considered to be public or subsidized housing. Rather, voucher holders have the freedom to choose their housing and neighborhoods, although in a context of real constraints given the lack of affordable rental housing options truly available to residents who obtain vouchers.

A growing body of literature critiques housing reforms centered on mixed-income development and dispersal strategies. At the core of these analyses is the value to be extracted from otherwise underdeveloped areas of a city. Critics see government policies that encourage mixed-income housing and mobility initiatives as examples of neoliberal urban redevelopment—a process aimed at generating profits for economic and political elites who reclaim centrally located neighborhoods from the poor (Arena, 2012; Chaskin and Joseph, 2013; DeFilippis and Fraser, 2010; Fraser, DeFilippis, and Bazuin, 2012; Hackworth, 2009, 2007; Hyra, 2012; Imbroscio, 2011, 2008; Lees, 2008; Lipman, 2008; Smith and Stovall, 2008; Steinberg, 2010). What these policies do not do accomplish, critics say, is addressing systemic economic inequality, expanding opportunities for low-income families, or making efforts toward equitable urban redevelopment.

HOPE VI and the HCVP are illustrative of neoliberal policies that use government incentives to induce property owners to lease apartments to low-income households through the use of portable vouchers. Because these strategies are not structured to expand the availability of rental housing in tight markets, the strategies aim to address the problem of housing affordability, while leaving vague the problem of housing availability. This dilemma is the case because the policies are structured around the consumption rather than the production of new affordable rental units (Hays, 2012; Pierson, 1994; Schwartz, 2010). Since passage of the Quality Housing and Work Opportunity Reconciliation Act of 1998, public housing reforms have resulted in the reduction of approximately 200,000 units of public housing (McCarty, 2012). Furthermore, the 2008 recession affected the rental housing market in tremendous ways, primarily by increasing the numbers of households in need of rental housing. In fact, the number of households seeking rental housing rose by 1 million in 2011, representing the single largest increase in a 1-year period since the early 1980s (JCHS, 2012). As the rental housing market booms, the vacancy rates decrease and create a tighter rental market in which rents can be increased. According to the report from the National Low Income Housing Coalition, Out of Reach 2013, “for every 100 extremely low-income renter households, there are just 30 affordable and available units” (NLIHC, 2013: 1). During this same period, the federal government has continued to reduce the amount of funds for the HOME Investment Partnerships program, the Community Development Block Grant program, the Public Housing Operating and Capital Funds, and other programs that support federal rental assistance. It is within this historical and political context that research on public housing reforms that work to rely on market mechanisms need to be interrogated, a topic to which I now turn.

Victoria Basolo's study investigates the neighborhood poverty levels, employment status, and school quality for residents moving with housing vouchers compared with nonmovers who also have housing vouchers; it also examines these same factors for the movers before their move and

subsequently afterwards. Basolo has a unique dataset comprising primary survey data and secondary administrative data from two local housing authorities in California collected between 2002 and 2004. Her literature review helps to contextualize the policy shifts that led to the expansion of the HCVP. She finds that movers do not have any significant differences when compared with nonmovers. It is more interesting that she finds that movers live in neighborhoods with very slight improvements in poverty rates and school quality, but that their employment status significantly drops after their move. These findings support previous research that the HCVP does not result in significant poverty deconcentration or produce mixed-income neighborhoods. In the aggregate, the HCVP may amount to a reshuffling of low-income households into other concentrated and segregated neighborhoods.

The findings by Kimberly Skobba and Edward G. Goetz raise the question of why informal housing arrangements and support networks matter more to low-income households than mobility to neighborhoods with access to higher quality services, amenities, and resources. This qualitative study examines the role of neighborhood conditions in the relocation decisions that low-income households make. Findings suggest that very low-income households are likely to use family, friends, and previous landlords to conduct quick, unplanned housing searches characterized out of “convenience and necessity.” It is most significant that this article critiques housing policy strategies that make false assumptions about the choices and benefits of moving to opportunity neighborhoods, suggesting that low-income households make decisions about their moves based on relationships rather than on neighborhood environments. The authors argue that the informal social-support systems of low-income families are valuable assets to their residential stability, and so should not be ignored in the design of housing policies.

In Deirdre Oakley, Erin Ruel, and Lesley Reid's empirical study of 232 former public housing residents who relocated in Atlanta, the author's present two major findings. First, they find that residents who were less satisfied with the relocation process are also less satisfied with their postrelocation home and neighborhood. This finding is not surprising, considering that the Atlanta Housing Authority required all residents to move regardless of their personal needs or interests. Residents may have perceived that they were under dictates by the policy initiative that forced them to move. As a result, they reported ongoing discomfort with the experience of relocation and the ultimate outcome of living in their new apartments and neighborhoods. This finding raises the question of how to best provide the prerelocation and postrelocation supports to maximize a more positive experience for residents who have no choice but to move. The finding also calls into question whether residents (the purported beneficiaries) perceive the reforms, which demolish existing public housing, as positive. The second major finding is that relocated residents are moving to neighborhoods characterized by poverty and racial segregation. These neighborhoods are only slightly safer and less disadvantaged than the neighborhoods where their public housing apartments were located. Across the sample, former public housing residents who reported high satisfaction with their relocation process moved to slightly more residentially stable neighborhoods. Those neighborhoods also had significantly higher proportions of female-headed households, unemployment, and racial segregation, however—all indicators of neighborhood disadvantage. This finding suggests that mobility initiatives may not deconcentrate poverty in central cities when programmatic requirements are not in place to ensure vouchers are used in housing markets that do not already have saturation of subsidized housing.

## Poverty Deconcentration or Poverty Alleviation?

In response to the three articles presented here and the summarized historical and political context, I now critique the underlying assumption that mobility policies, as represented through the HCVP, may be a “mechanism for low-income people to achieve better neighborhoods and access to new opportunities,” as Basolo says. The underlying assumption—made by some policymakers, advocates, researchers, housing providers and others—that public housing reforms aimed at deconcentrating poverty also aim to decrease poverty must be called into question (Goetz, 2013, 2010; Imbroscio, 2011, 2008). Several reasons exist as to why it is important to not confuse poverty deconcentration through housing mobility with poverty alleviation.

The first reason relates to the structures of benefits in the HCVP. Although the manifest aim of policy is to provide housing assistance to low-income households, the transfer of the benefit from the government goes directly to the private property owner. The rent burden is reduced for the low-income household, while the property owner benefits through access to stable rental income. Depending on the condition of the unit and the demand for rental housing, the costs to operate an apartment may be less than the rental income provided through the program. It is possible that the HCVP creates a higher profit margin for owners leasing to a subsidized renter. This higher profit is one reason that owners of mixed-income housing developments in Chicago (and likely other places) are leasing market-rate units to voucher holders. Although it is not always the case that significant profit is obtained by landlords who house residents in the HCVP (as can be seen by its spatial concentration in certain areas and not others), the market-driven policy structure enables wealth generation, such that the unintended consequence of the policy further expands income and asset inequalities between those who have the means to purchase property and those who do not.

There is a second reason to be cautious to not assume the aims of poverty deconcentration through housing mobility are the same as poverty alleviation. These strategies do nothing to create equity in federal housing tax policy among citizens with low incomes and those with higher incomes (as signified by their ownership of a home). As is well documented, homeowners derive additional income through tax benefits (Dreier, 2006). Tax-based subsidies benefiting the affluent come in a variety of forms, including the federal home-mortgage interest deduction. This policy universally benefits higher income households who own homes because it lowers taxes for these households, at a cost of more than \$60 billion to the federal government (NLIHC, 2013). This tax benefit has the effect of stimulating the demand and raising prices of owner-occupied housing units, which in turn negatively affects the supply of low- and moderate-income housing. If the most economically challenged proportion of the population is forced out of the private market (in part, because of government policies), then the solution may not be to further expand the use of market-driven policy mechanisms through vouchers but rather to find ways to expand access to income and wealth generating opportunities. One policy solution for this expansion could be in the form of a tax benefit for low-income renters that provides a similar tax benefit as the home-mortgage interest deduction, thus creating more equity between renters and homeowners alike.

The third reason to be cautious not to assume the aims of poverty deconcentration through housing mobility are poverty alleviation is that housing vouchers do not in and by themselves create access to more economically stable neighborhoods with greater resources, institutions, and amenities.

The research presented here suggests that the opposite is true—that low-income households with vouchers remain housed in neighborhoods that are racially segregated and economically disconnected. Although Skobba and Goetz suggest that this phenomenon may be because of individual desires to remain close to informal social-support networks, they also recognize that the portability of the vouchers are limited because of discrimination in certain local markets. By design, the policy does not necessitate that vouchers be distributed across municipalities or regions. This flexibility in how low-income households can use the vouchers (particularly in this case across spatial boundaries) may appear as a positive aspect of the program because households have the freedom to relocate to the area of their “choice.” As the findings in these studies and others demonstrate, however, the voucher program is less flexible in implementation than in policy design because vouchers are clearly not a ticket to any neighborhood (Burton, Hayes, and Hailey, 2013; Chaskin et al., 2012). These articles demonstrate the real constraints of the voucher program because, in all three studies, most households remained in areas characterized by concentrated poverty and racial segregation. Because the federal policy lacks requirements (and proper incentives) for owners in stronger housing markets to participate, the outcomes of this housing mobility program are largely predictable. Municipalities with more economic stability (and usually where most of the population is nonminority) have very little enticement to take advantage of the program if the limited rental housing that exists can easily be rented through traditional market-rate methods. Thus, the current implementation of the voucher program does little to stem racial segregation and poverty concentration. Again, poverty deconcentration strategies should not be confused with poverty alleviation.

The final reason to be cautious about the underlying policy assumptions is that the policy is designed as a nonentitlement and nonuniversal program. As mentioned previously, many more households are eligible for federal rental housing assistance than who are awarded it. Although the access to rental subsidies certainly helps to reduce the rent burden on households lucky enough to receive it, it does not aim to address deep and persistent poverty on a systemic level for the nearly 30 percent of renter households who live below the federal poverty line (U.S. Census Bureau, 2011).

Public housing reforms aimed at deconcentrating poverty through mobility strategies, embodied by the HCVP, are not fundamentally aimed at decreasing poverty among most households who face risky housing and neighborhood environments. Instead, these strategies enable a portion of eligible households to access a subsidized housing benefit, thus reducing their rent burden. If this policy systematically aimed to alleviate poverty, then this benefit would be universally awarded while also expanding the overall number of permanent affordable housing units.

## **Implications for Policy and Practice**

This analysis suggests that shifts in federal policy and local implementation will be necessary to create better outcomes for low-income households needing affordable rental housing. These market-driven housing strategies of housing vouchers have been embedded in the political structures and processes since the mid-1970s. These strategies are likely to be maintained unless significant political disruption occurs, such as social movement organizing that leads to a more radical transition in housing policy. Until a larger movement erupts, avenues for incremental reforms could restructure access and affordability to housing, such as the ones I recommend here.

First, one solution to meeting the increasing demand for affordable rental housing is simply to increase the supply of it. Several policy strategies are available to increase the supply of affordable rental housing, some of which are politically tricky. One important step that should be taken while the Obama Administration is still in office is to secure funding for the National Housing Trust Fund, which was authorized in the 2008 Housing and Economic Recovery Act (Hays, 2012). The appropriations for the fund have yet to be awarded. To finance the fund, The National Low Income Housing Coalition is proposing to reform the mortgage interest deduction, converting it to a nonrefundable 15-percent tax credit and reducing the cap on the maximum mortgage to receive a tax break from \$1 million to \$500,000 (NLIHC, 2013).

My second proposal suggests the need to ensure the existing public housing stock has sufficient funding for capital improvements. The period in history when repairs and maintenance on public housing could not be addressed needs to be over; but it is not. Instead, most existing public housing properties and other federally assisted multifamily properties (such as those properties that fall under Section 8 Mod Rehab or Section 236 regulations) need significant capital repairs and face a significant lack of funding to address capital risks. HUD's new Rental Assistance Demonstration (RAD) program allows for the conversion of these properties to long-term Section 8 project-based rent subsidies, while also creating the ability to obtain private equity and debt to pay for necessary renovations. As of January 2013, HUD awarded new Housing Assistance Payment contracts on approximately 13,000 units through the RAD program (HUD, 2013). I hope this program will represent a shift toward more creative economic feasibility and sustainability of the rental housing stock. The maintenance of the existing public housing stock through federal programs such as RAD is of utmost importance.

Third, it may be time to rethink the benefits of the HCVP and call into question the extent that it may be contributing to maintaining urban poverty. If vouchers are unintentionally contributing to reconcentrating poverty in the areas where public housing projects once stood and where mixed-income developments are now located, then resources may be better allocated to investing in strategies that stem the downward cycling of the economic instability in these areas. It may be time to better invest in other economic development and housing strategies that aim to comprehensively redevelop urban neighborhoods. As an alternative, local housing advocates, government officials, and program operators may also need to develop expertise in accessing rental housing outside high-poverty neighborhoods to create better access to residential options. Regional initiatives, such as Chicago's Preservation Compact that preserves existing affordable rental housing and increases access to it for low-income households, may serve as a model for other municipalities attempting to expand the use of housing vouchers outside of central-city areas (Preservation Compact, 2012).

My final recommendation relates to the importance of ongoing support services for relocated families. The literature review and findings from all three articles suggest that families who are relocated through public housing transformation initiatives face an array of economic and social challenges that are not fundamentally altered by housing initiatives alone. Recent research by the Urban Institute demonstrates that intensive case management to support a particular group of "high need" residents and their children may enable conditions under which some families will be able to address the trauma, violence, and poverty they have endured (Theodos et al., 2012). The Urban Institute's multisite Housing Opportunity and Services Together demonstration is

developing a model for innovative strategies for equipping young people and their adult family members with tools to overcome the effects of concentrated disadvantages with the goal of interrupting intergenerational poverty (Scott et al., 2013). Although this demonstration aims at a place-based strategy in family public housing and mixed-income developments, a need still exists to develop and test social-support interventions for those residents who relocate into apartments in the private market through the use of a housing voucher. As evidenced by all these articles, many families who endured the worst of distressed public housing and who are in the midst of relocation face extremely complex challenges, such as long-term disconnection from the labor force, extremely low incomes, and larger household sizes. This reality points to questions about how former public housing residents relocating with vouchers will fare during and after their moves, because they may be in particularly precarious positions and further disconnected from formal community and social supports. It is for these reasons that relocating residents may benefit by providing increased access to and funding for neighborhood-based community and social supports.

In conclusion, the research presented in this symposium, along with the commentaries, enables us to see the importance of developing housing policies that aim to significantly reduce the conditions that create economic inequality and poverty. Public housing reforms that deconcentrate poverty through housing mobility and mixed-income development strategies do not necessarily shift the opportunities and outcomes for very low-income households. Rather, these market-based housing strategies aimed at mobility need to be partnered with other economic and social development policies that together may more fundamentally shift the poverty in the United States.

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## **Commentary**

*These comments relate to the articles in this Cityscape symposium by Basolo, by Skobba and Goetz, and by Oakley, Ruel, and Reid.*

# **False Assumptions About Poverty Dispersal Policies**

**Rachel Garshick Kleit**

The Ohio State University

The notion of the dispersal of poverty was in some ways an argument about the power of place. Some neighborhoods were places lacking social and economic opportunity. The people in such neighborhoods lived in concentrated poverty. If the problem was poverty concentration, then the answer must be dispersal. As Victoria Basolo (this symposium in *Cityscape*) points out, the policy world came to this answer in the early 1990s with little evidence that dispersal would really reduce poverty for people. At the time, the struggle to understand the causes of poverty was in earnest, as Basolo summarizes, “These arguments concerning the causes of poverty were not merely academic, because the persistence of poverty was a social problem without an effective policy.” Concerns about poor places arose concurrently, especially concerns regarding what to do about dilapidated public housing (National Commission on Severely Distressed Public Housing, 1992).

If poverty reduction for people were our only goal, then we could say that, in fact, poverty dispersal policies such as HOPE VI (or Housing Opportunities for People Everywhere), the Moving to Opportunity (MTO) demonstration, or even the Housing Choice Voucher Program (HCVP) have not been successful in that arena—most studies show that people involved in these programs do not become more economically secure (see the review by Basolo in this symposium). By definition, however, moving people out of public housing and rebuilding it as mixed-income housing does have a poverty reducing impact on place. Policy success in for poor places has occurred, perhaps, at the expense of policy success for poor people.

Nonetheless, policy goals have created and perpetuated a logic model for these programs as reducers of individual and family poverty that rests on four false assumptions that are necessary for success.

1. Moving always creates upward mobility and improves neighborhoods.
2. People living in poverty make housing decisions in a hierarchical manner that considers neighborhood before other concerns.
3. When given a choice, people living in assisted housing will choose to move away from familiar neighborhoods.

4. When given a choice, people living in assisted housing will all understand opportunity the same way, behave in the same way, and make “opportunity” moves.

The three articles that this commentary addresses tear down the assumptions of this program model. Taken together, the articles suggest that our goals are, at best, misguided and, at worst, negligent.

Basolo demonstrates that HCVP moves do not necessarily improve neighborhoods for these families. Although movers nominally did move to places with slightly lower poverty (less than a 1-percent reduction) and did improve the quality of schools for their children, both changes were too minor to indicate noticeable improvements in quality. In short, on average, and controlling for other factors, movers’ neighborhoods are no different from those who do not move, movers are no more likely to be employed, and the schools that movers’ children attend are no better than those of nonmovers’ children. Thus, Basolo concludes, moving did not improve things—or not in any way that we can observe from afar. The already relatively low poverty rates in the areas studied are likely responsible for the lack of neighborhood improvement. The average poverty level in the areas studied was 14.7 percent, much less than the usual 20.0-and-less rate for a low-poverty neighborhood. The study points out that moves are not going to automatically improve neighborhood quality if poverty is already fairly low. In addition, simply moving is not going to overcome the history of racial residential inequality that has produced neighborhood differentials in school quality and employment. These issues are all larger structural issues that are not directly influenced by a move alone. As MTO results suggest, a move with counseling can help move people to what the policy considers better neighborhoods (Briggs, Popkin, & Goering, 2010). The outcomes the policy cares about are not proximate to moving, however. For example, expecting a move—in the absence of a job change—to produce better employment outcomes is a flawed program model. Moves do not always create upward mobility, negating the first of the four assumptions.

From the outside looking in, as Basolo points out, we do not know how families are making decisions. They are meeting their own needs, which are unknown. Kimberly Skobba and Edward G. Goetz suggest these preferences concern relationships rather than place. In fact, previous research suggests what Skobba and Goetz point out: poor families move for reasons having nothing to do with neighborhoods or many of the concerns that policy puts at the forefront. Although some moves that poor households make can be “upward,” resulting in improvements in family circumstances, such as better opportunities for children, less household stress, and increased safety (Buerkle & Christenson, 1999), these households often face involuntary, “forced” moves—such as those moves that occur because of public housing redevelopment, eviction, or foreclosure (Goetz, 2003; Pettit, Comey, & Grosz, 2011)—or they make “coping” moves that are dictated by other negative circumstances beyond their control (Buerkle & Christenson, 1999; Kearns & Smith, 1994; Skelton, 2002). Severely disadvantaged households can experience a combination of economic disadvantage, restricted social and financial opportunities, and general social isolation, and they may live in contexts that are socially and financially unreliable and unpredictable (Steele & Sherman, 1999). Without the ingredients that produce the much more secure lives enjoyed by the relatively wealthy (access to childcare, health care, stable employment, and housing), poor households face a constant series of complex dilemmas and must respond nimbly to shifts in stability and economic shocks. Briggs, Popkin, and Goering (2010: 86) suggested that moves in the MTO program are “moves to security”; that is, the vouchers used in the dispersal program were used to ameliorate

the stresses of their experiences with housing. Skobba and Goetz are eloquent in their reminder of these dynamics. Given these considerations, why would we create a policy based on moving that does not concurrently address the extreme stress and housing instability of households living in poverty? Families are not making decisions in a hierarchical manner that considers neighborhood first, voiding the second assumption. Nor are they considering opportunity as policy conceives it when they move, suggesting the fourth assumption is also false.

The research here also causes some question for the third assumption, the idea that people who are poor or live in assisted housing all think about moves in the same way. The motivation for dispersal programs' intervening in the move process is that if households are not moving to neighborhoods with better opportunities, then something in the process must be preventing higher opportunity moves—a lack of information, a lack of resources, or a lack of transportation. Deirdre Oakley, Erin Ruel, and Lesley Reid suggest that the relocation process is about not only information but also the challenges families and individuals face depending on their personal situations. For people with differing challenges—disabilities, financial strain, or being elderly—relocation can have varied meanings and different outcomes. The differential results along a series of factors bear this reality out. Those who lived in family projects compared with senior projects said they had an easier time with relocation. The longer respondents lived in public housing, the more difficult it was to relocate, but they still had an easier time than those who lived in senior projects—and these differences are large. If a respondent lived in family housing, she was 1.6 times more likely to have easy relocation. For a family housing resident, each additional year in public housing was associated with being 2.4 times more likely to say she had an easy move. If the respondent lived in family housing and had no friends in public housing, she was 3.3 times more likely to have an easy time compared with those who reside in senior housing.

Underlying these observations is that seniors are among the hardest individuals to house, which is not unusual for assisted housing. Furthermore, these results may understate the stress for seniors because the 24 deaths between surveys are not reflected in the results—there is no real way to account for an increased death rate among seniors because of relocation. Nonetheless, the third assumption—that people in assisted housing all behave the same way—is clearly refuted.

In some ways, setting up these assumptions and refuting them is a red herring. It is not unknown in policy circles that the world does not work according to these four assumptions. Nonetheless, the policy continues with the underlying assumption that somehow moving will address problems of structural inequality. Providing choice or opportunities to move will not reduce poverty without concerted attention to overcoming the forces that reproduce inequality; without such supports, policy is putting the burden of changing the very structure of inequality in our society on the backs of the very poor. In a world where inequality is growing, those at the bottom can have very little power to stop structural inequality from perpetuating itself. The lack of positive outcomes suggests that the real issues are structural: the quality of schools that poor children attend, the quality of work, the quality of neighborhoods poor people live in, and the central city-to-outer suburban divide.

What is the purpose of assisted housing policy? A more proximate outcome might be the provision of stable, safe, and affordable housing. Recent thinking considers housing as a platform for other services (see, for example, the Urban Institute's Housing Opportunity and Services Together demonstration program [Popkin et al., 2012]); MDRC's Jobs Plus evaluation, dating from 1999,

included service saturation focused on employment within public housing communities (MDRC, n.d.). If the goal is to improve the schools that poor children attend, then service programs that focus on either schools or getting children connected to good schools would be more effective. Better jobs occur not by relocating but rather by using wraparound services to connect adults with sustainable education programs integrated with the workforce system. With the economy not producing many moderate-paying jobs, targeted efforts are necessary.

Since the 1960s, U.S. housing policy concerning poverty dispersal has been central to creating a diverse and equitable society (Goetz, 2003). The most recent vintage, dating from the early 1990s, has failed to actually reduce family poverty because it is based on a set of false assumptions, thereby producing a lack of attention to the factors that will produce the outcomes desired. Even with appropriate attention (and resources), one could argue that the sorts of skills needed to make these efforts work are not usually found among public housing agencies, which are traditionally dedicated to providing housing rather than human and social services (Kleit & Page, 2012). Although place does matter, attention to place alone is not enough. To make the dream of addressing family poverty a reality, we need to invest in policies based on theories of change, first, that recognize the diversity and fragility of the population concerned; second, wherein the outcomes desired actually can directly result from the program's efforts; and third, that directly and simultaneously deter the reproduction of structural inequality.

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## **Commentary**

*These comments relate to the articles in this Cityscape symposium by Basolo, by Skobba and Goetz, and by Oakley, Ruel, and Reid.*

# **Acknowledging the Structural Features of Choice**

**Sudhir Venkatesh**

Columbia University

The orderly way in which we present research certainly belies the roundabout way in which insights are obtained. Some years back, in the middle of my study on Chicago public housing transformation, an elderly tenant withdrew from my study. She said that my interview was making her depressed. She decided to stop the interview just as I had completed about 30 of the 60 questions in my hand. She shook her head and said—

*I've had enough. You keep asking me about what I want, what my choice is, what's going to happen. I don't see how any of this will be helpful.*

I explained (for the second time) what was written on my informed consent form—the form that I would read to ensure that respondents understood the purpose of my visit. I said slowly that we were interested in the decisions that poor families made as they entered the private market after years in public housing. If they had a *choice*, I said, would they choose to live in better off neighborhoods? It seemed like a reasonable question, until I heard her answer.

*It's not about what we choose to do. Any fool can make choices, but you want to know the difference between you and me? When you make a bad decision, it won't matter. You'll be fine. See, when poor folk make choices, it can go terribly wrong. Terribly wrong. You want to help us? Make it so it doesn't matter if we make a bad choice.*

In that instant, I understood how much my own scholarly approach was based on untested and unexamined assumptions about the social world: choice mattered to me because most of my choices were not life or death. If my basic choices carried great weight, I would feel burdened and anxious. Residential location is a perfect example: I am fortunate to be able to live in a variety of middle-class neighborhoods, with varying amenities. I have some choice. Then again, I am not considering gang turf boundaries, lack of hospitals and grocery stores, police neglect, or anything else that really affects my material welfare. Every neighborhood *I choose* comes with these amenities. In other words, not much choice exists at all.

For poor residents, choices are grave matters and the process can be tiresome after a point. Moving year after year, worrying about gun violence or the availability of decent public transportation, and getting children into a new school are all deeply anxiety-provoking, energy-consuming activities.

Our approach to housing policy should take into account this structural feature of choice. The articles by Victoria Basolo, by Deirdre Oakley, Erin Ruel, and Lesley Reid, and by Kimberly Skobba and Edward G. Goetz remind us just how important choices are for low-income families. These articles challenge us to consider the forces that propel families into stability or lurch them over the cliff further into impoverishment. They also point to novel ways to better equip families to organize their lives in efficacious ways.

In the articles, I found several lines of argument—all rooted in careful empirical analysis—that are worth pursuing as we reflect on the future of housing policy for low-income households seeking to live in more economically and socially mixed areas.

First, social networks are critical for the poor urban residents, but the networks also provide contradictory benefits. They can facilitate comfort and security, but they also anchor individuals and their families in ties that are difficult to leverage for material benefits—such as information about jobs, schools, and safe neighborhoods.

Oakley, Ruel, and Reid write, “being older and from housing for seniors, having a disability, experiencing financial strain, and living a longer time in public housing decreased the probability of experiencing an easy relocation process.” Their findings suggest that public housing residence has a temporal quality in which aspects of one’s lifestyle become difficult to overcome. The longer one stays in a housing development, the more likely that one’s personal connections affect the relocation and choice process. One will be influenced by others in a social network; or, more commonly, one may be in networks of monetary indebtedness that make it difficult not to follow those whom one has been relying on for support in dire times. Conversely, familiar faces can help ease the burden precisely for these reasons. Oakley, Ruel, and Reid find, “Those who experienced an easy relocation also were significantly more likely to move into neighborhoods where at least 12 others from our sample moved.”

Skobba and Goetz echo this point regarding relationships.

Relationships, rather than neighborhoods, appeared to be the driving factor in residential mobility and decisionmaking for the low-income families in our study. In the absence of financial resources, people are an essential source of capital. For very low-income households, support networks become an important way for families to meet basic needs. The use of informal support networks to meet housing needs is no exception. . . . *Sometimes, supportive relationships with parents and friends offered stability and security even when housing conditions were less than ideal* (emphasis added).

The Skobba and Goetz article reminds us not to view social networks as a panacea—social ties are limited as catalysts for change. They present a careful, grounded portrait of the residents in their sample for whom social networks served as a resource (and possibly a constraint). Their work suggests that improving the ties of low-income households through mobility is important, but that it is never a direct outcome of residential relocation.

Basolo's analysis of families who relocated in Orange County highlights an issue that is often under-emphasized in mobility research: larger metropolitan areas typically receive the greatest scholarly attention, which can be a determinant to creating a nuanced understanding of how housing choice can affect household welfare across the country. Focusing on a complex region in which several midsize urban and suburban spaces are strung together, Basolo in her research reminds us of the importance of measured expectations in mobility research. Change neither comes right away, nor to the degree that policymakers would like to see happen.

Voucher holders' locational choices in Orange County and elsewhere may be constrained to a limited number of relatively similar neighborhoods. In other words, moving would not change outcomes dramatically. Such an interpretation about the lack of differences between Housing Choice Voucher Program (HCVP) movers and nonmovers is consistent with the results comparing mover-only outcomes before and after their residential relocation. Although there were improvements in the neighborhood poverty rate and school quality, they were quite small. As such, it is reasonable to suggest these marginal changes likely have no discernible positive effects on the lives of voucher holders or their children.

Context matters, as Basolo makes clear. The relevant context could include the dynamics of the housing market and the administrative capacities of the agencies delivering assistance and services to families. Basolo's measured views on this subject are highly welcomed, given the outsized hopes that many of us have for voucher-based programs.

The burden for HCVP administrators is to work on opening up new neighborhoods that offer more opportunities to voucher holders, although doing so is a tall order for LHAs that have struggled in the past convincing landlords to accept voucher recipients.

Skobba and Goetz articulate a point that is also not emphasized enough in studies of housing mobility. "For very low-income households, residential mobility is more often an exercise in improvisation than planned." Their corrective is necessary for scholars and policymakers who too often construct housing policy based on a search procedure that resembles a middle-class flowchart: check the classified ads, make an appointment, visit a few places, choose a home. Such searches are typically portrayed as an emotionally unremarkable activity, except for the motivation to flee one's existing neighborhood. Whereas, in reality, the attachments that low-income households have to one another and to their community mitigates against any such smooth linear process.

The findings from our study suggest that very low-income households use different, often unconventional, strategies to find housing. The process prioritizes convenience and necessity rather than being a choice among housing units that match a predetermined set of criteria. The reason for this is probably twofold. First, forced moves often leave little time to conduct a thorough housing search. Second, the affordability problems that our study families faced put market rentals out of reach.... The experiences of the participants in our study suggest that very low-income households rely on personal relationships, rather than a formal housing search process, to find a place to live.

One general and consistent theme in the articles is that the move to a low-poverty neighborhood does not necessarily produce higher levels of satisfaction for movers—whether the movers are

voucher holders or nonvoucher holders. This point sounds nearly heretical in today's discourse, given the core policy assumption that poor neighborhoods are places to *leave*—and quickly. The trouble with this view is that a limit exists in terms of a society's capacity to use "exit" as social policy. Skobba and Goetz are clear on this issue.

Forced relocation out of communities and into opportunity neighborhoods is especially insensitive to the necessary social supports that low-income families construct and maintain. This insensitivity is especially true of programs in which displacement and relocation are typically the only intervention experienced by needy families, a fact that has been true of most public housing redevelopment efforts.

At some point, realistic housing policy would suggest that we adopt a neighborhood-level focus in which low-income families are given the services necessary to live comfortably and safely in their existing area. In our silo-based approach to social policy, however, such nonhousing matters can easily be shuttled off to the next agency or scholarly conference. This result would be a pity, because as the three articles intimate, if the problems are complex, such that multiple factors are brought together, then it seems that the solutions might necessarily need to be organized in such a manner as well.

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# ***Cityscape Mixed-Income Symposium Summary and Response: Implications for Antipoverty Policy***

**Mark L. Joseph**

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I commend symposium guest editors James C. Fraser, Deirdre Oakley, and Diane K. Levy for initiating and compiling this collection of symposium articles on the timely topic of poverty deconcentration and mixed-income development. As these articles were being finalized, the U.S. Department of Housing and Urban Development announced that three additional cities would receive Choice Neighborhoods implementation grants of about \$30 million, joining the five cities that were named in 2011. Thus, in the United States, the Obama Administration is doubling down on the approach of poverty deconcentration through public housing demolition, resident relocation, and mixed-income redevelopment.

After nearly 20 years of poverty deconcentration and mixed-income efforts in the United States and Western Europe (and in other parts of the world, such as Australia), however, fundamental questions remain. The intentions and overall outcomes of efforts to create pathways to self-sufficiency and opportunity for those who have been socially and economically isolated in high-poverty, inner-city communities remain unclear. The articles in this symposium reflect on and add to the literature that has provided evidence of these shortcomings.

Although the symposium is introduced as focusing on “mixed-income housing initiatives,” I would contend that the scope of its articles is better framed as “poverty deconcentration” with a focus on the two main policy approaches of the past two decades: dispersal and mixed-income development. The articles by Victoria Basolo, by Kimberly Skobba and Edward G. Goetz, and by Deirdre Oakley, Erin Ruel, and Lesley Reid review relocation and mobility programs. The articles by James C. Fraser, Robert J. Chaskin, and Joshua Theodore Bazuin, by Ade Kearns, Martin McKee, Elena Sautkina, George Weeks, and Lyndal Bond, by JoDee Keller, Janice Laakso, Christine Stevens, and Cathy Tashiro, by Reinout Kleinhans and Maarten van Ham, and by Diane K. Levy, Zach McDade, and Kassie Bertumen consider mixed-income and mixed-tenure efforts. The symposium guest editors understandably describe relocation efforts as also having the objective of promoting mixed-income neighborhoods. The literature on mobility research and the articles in this symposium demonstrate, however, that, although relocation may be a tool to move some low-income households to better neighborhood environments, relocation is generally not creating mixed-income communities and

certainly is not creating a mix as systematically and directly as initiatives such as Housing Opportunities for People Everywhere (HOPE VI), Right to Buy, and Choice Neighborhoods are doing. As I shall make clear when I return to future implications, I think it is important not to conflate these two related, but distinct, policy choices and approaches under the construct of mixed-income housing.

Regardless of framing, the intention of the symposium is clear: to take stock of efforts to address poverty concentration on both sides of the Atlantic. Several important questions are posed and answered in these articles, including these: What have been the benefits of social mixing for poor people? What are the implications of today's dominant ideological approach to urban poverty policy, focusing on individual rather than structural causes and turning to the market to provide social and public housing? Given the shortcomings of current efforts, what design improvements could be made to poverty deconcentration programs?

An essential question posed in Fraser, Oakley, and Levy's introductory article, but never fully and directly tackled by any of the other articles, is "When and how should society, and its government leaders, house the least advantaged?" Additional questions about deconcentration policy not addressed by the articles include these: What alternative antipoverty paradigm should be considered? What are the relative costs and benefits of poverty dispersal and mixed-income development? Is each approach a better match for certain low-income households than for others, and can we be more effective at anticipating which approach might work best for whom?

I will use my summary-and-response essay to summarize some of the key conclusions from these articles and to suggest my own response to some of the unanswered questions by way of suggesting directions for future place-based antipoverty policy.

## **The Limited Results of Social Mixing**

Despite high hopes, expectations, and rhetoric from policymakers, the evidence seems clear in this symposium and in the broader deconcentration literature that mixed-income and dispersal policies have thus far had limited and, in some cases, detrimental effects on urban poor people. Whereas these policies have had measurable and, in some cases, dramatic effects on urban places, they have been far less successful on the people side.

On the positive side, these policies, in general, have been successful at moving individuals and families out of the most desperate and deteriorated living conditions. Mixed-income development has been far more successful on this front, completely demolishing and rebuilding entire housing complexes, often complete with parks and other amenities. As Kearns et al. and Levy, McDade, and Bertumen indicate, those households that meet screening criteria and can secure units in new mixed-income developments experience high-quality unit, building, and often neighborhood conditions. The neighborhood condition results of relocation cited in this symposium are more mixed. Oakley, Ruel, and Reid report that relocatees in Atlanta moved to neighborhoods that, although still high poverty, were less poor and safer than the neighborhoods from which they had moved. Basolo, on the other hand, reports no decrease in neighborhood poverty and no increase in public school quality from the moves of the Housing Choice Voucher Program (HCVP) participants in California whom she studied.

The results for individuals have been far more disappointing. Kearns et al. and Levy, McDade, and Bertumen assert that despite living in a mixed-income environment, former social or public housing residents are still living in a state of personal deprivation, confronting behavioral challenges, and demonstrating little change of aspirations. Relocation efforts have fared no better. In this symposium, Basolo reports that employment among HCVP participants in her study fell by more than 20 percentage points after their moves.

Part of the rationale for a neighborhood-focused approach is a theoretical assertion of the importance of a supportive community for individual well-being. In theory, more socially and economically diverse environments should provide more productive social ties for low-income households. In practice, as Fraser, Chaskin, and Bazuin; Kearns et al.; Keller et al.; Kleinhans and van Ham; and Levy, McDade, and Bertumen indicate, many obstacles stand in the way of building cross-class ties, including lifestyle, behavioral and cultural differences, segregated physical designs, and life-stage differences such as the presence of children in the household. Furthermore, stigmatized, unequal treatment from other residents and development staff and a predilection for formal control methods (cameras, police) as opposed to informal community control have led to what Kearns et al. describe as “*static tenure mix*, rather than the nurturing of *dynamic social mixing*.” Keller et al. and Levy, McDade, and Bertumen point out that, in many cases, residents of mixed-income environments experience less community and a greater sense of isolation and stigmatization.

## **The Problematic Ideologies Shaping Poverty Deconcentration**

More fundamental than some of the design and implementation shortcomings of deconcentration policies is the ideological basis for those policies. Authors in this symposium point out three main problematic ideological perspectives that shape and constrain policy approaches. The first, as Fraser, Chaskin, and Bazuin point out, is the framing of poverty as an individual rather than a structural issue. Given the realities, as they state, of “global capitalism, … racism and racial inequality and the unequal distribution of quality public goods,” among other structural factors, the individual approach is necessarily insufficient. Improving housing conditions and social mix alone will not fundamentally change educational opportunities or labor-market access.

The second core ideology is the belief in the potential for privatization and the power of market forces to spur production of housing for poor people and a pathway out of poverty. Fraser, Chaskin, and Bazuin note that the private sector is not obligated to provide for human rights in the same way as a government and caution that the mixed-income approach is simply paving the way for market reinvestment that does not necessarily benefit the most vulnerable people in society. In their article about the Right to Buy program in the United Kingdom, Kleinhans and van Ham provide an excellent example of some of the counterproductive outcomes and inequity that can be generated by turning to market forces. A major outcome of the program was *residualization*, whereby the best quality social housing units in the best neighborhoods were the most likely to be purchased, leaving mostly lower quality homes in lower quality neighborhoods available to social housing renters.

A third ideological frame is the presumed association of choice and neighborhood quality. It has been assumed that if households are given a greater degree of choice in their residential decisions,

they will choose higher quality neighborhood environments. Because, as Basolo and as Skobba and Goetz point out, relocatees are *not* moving to higher quality neighborhood contexts, this assumption must be re-examined. Skobba and Goetz suggest that low-income households are driven by more “proximate concerns” such as affordability, control over their local environment, and existing social ties and supports. Oakley, Ruel, and Reid suggest that more remains to be understood about how low-income households perceive and navigate a structurally unequal racialized real estate market.

## Improving Intervention Design

Beyond ideological critiques, the articles offer up specific design changes that might improve results. Two overarching improvements would be to sharpen the connection between theory and evidence and to develop more specific goals that can be more carefully measured and assessed. Fraser, Chaskin, and Bazuin critique the lack of a “coherent intervention model built from a clear theory of change,” and Kearns et al. point out the vague policy goals generated from a policy orthodoxy without supporting evidence. Fraser, Chaskin, and Bazuin; Levy, McDade, and Bertumen; and Kearns et al. generate lists of design changes to mixed-income development that include more socially conducive design of units and public spaces; more onsite maintenance; more attention to property management; governance and community building; and focused, more holistic, efforts to address individual education, employment, and health needs. Regarding relocation policies, Basolo and Skobba and Goetz recommend stronger relocation counseling that is more attuned to individual interests and needs and generates a broader choice set that offers more social and economic opportunity and respects and accommodates social ties and supports.

## Implications for Better Antipoverty Policy and Practice

Although it covers a broad scope, this symposium leaves several important questions unanswered. Beyond tweaking the design of these programs as currently implemented, what fundamental enhancements and course corrections might be made to poverty deconcentration policy? As I read the articles in this symposium, I reflected on how the findings summarized and presented would be fodder for some of the sharpest critics of poverty deconcentration and mixed-income policy, such as David Imbroscio, Mary Pattillo, and Larry Vale, whose perspectives were not directly included in this symposium (Imbroscio, 2012, 2008; Pattillo, 2008; Vale, 2013, 2006, 1996). These scholars share a concern that current urban policy is too focused on integrating poor people into mainstream residential contexts and too little focused on how to revitalize their current contexts without engineered economic or racial integration. In these critics’ preferred scenarios, any mixed-income integration would come from increased income and assets of the current population. Imbroscio (2012) labeled the alternative antipoverty paradigm that emerges from their contributions to the literature the “placemaking paradigm,” with a focus on investing in high-poverty, racially segregated communities as they are without requiring resident mobility in or out.

Noting the underlying structural factors that present the fundamental barriers to greater social and economic mobility, Fraser, Chaskin, and Bazuin begin to map out an agenda for comprehensive political action to address a list of issues such as living wage, Earned Income Tax Credit program expansion, affordable housing, education, access to technology, and “issues of discrimination.”

Imbroscio, Pattillo, and Vale would likely propose that a place-based frame be added for strategic targeting of these structural changes. For this recommendation to be feasible and actionable, far more detail will be needed about the catalyst for such comprehensive political action and the civic, political, and perhaps corporate mechanisms through which such action will be mobilized, organized, and sustained long enough to achieve legislative and policy success. A host of potential allies certainly exists for such a movement—tenant and resident leadership groups, legal advocates, housing activists, policy organizations, and scholar-activists, to name a few. Armed with the growing evidence about the futility of an individuals-only approach to poverty deconcentration and the enduring and mounting costs to communities, municipalities, regions, and ultimately nations from avoiding more structural solutions, it may be possible to forge strategic alliances with housing authorities, municipal governments, and eventually civic and corporate interests.

In the meantime, as some policymakers and practitioners pursue a path to more fundamental structural changes, others could tackle a more pragmatic and short-term path to a comprehensive rethinking and reformulating of poverty deconcentration efforts. I do agree that the realities of enduring segregation (in some cases through structural marginalization of poor people and racial and ethnic minorities, in other cases through individual choice and preferences, and in most cases for reasons hard to distinguish) require us to seek policies that will revitalize low-income communities as they are. I also feel, however, that we must continue to sharpen and advance our abilities to create and sustain mixed-income communities of choice. Increasing diversity and socioeconomic divides require the continuation of the quest for greater residential inclusion and equity in all communities, rather than the acceptance that separate but equal may be the best we can accomplish in our society.

Rather than tossing mixed-income development and dispersal programs into the same category, I suggest that as a field we need to be even sharper about the distinctions between these two approaches and their relative costs, benefits, and feasibility in various contexts. Even more important would be to develop better evidence about which types of households seem to benefit most from each approach so that we can provide a better science of resident relocation counseling and supports.

Furthermore, several existing federal and local programs could be strategically enhanced to address the shortcomings discussed in this symposium. I would recommend, rather than modifying each separately, a comprehensive rethinking of these programs as a suite of efforts with a common and integrated set of enhancements. These efforts would include technical assistance to implementers, stronger guidelines and requirements in funding applications and competitions, better local collaborations to make more efficient use of existing local capacities and resources, and incentives for innovation.

To be specific, in the U.S. context, which I know best, the programs I have in mind are the HCVP, project-based vouchers, mixed-income development, inclusionary zoning, and community development block grants (CDBG). The first four programs primarily and often exclusively focus on affordable housing as a platform, without strategically leveraging that platform with other local resources to attempt to change household social and economic mobility. The CDBG program is usually disconnected from these other efforts, deployed locally in a variety of ways, and it usually spreads a shrinking set of resources inefficiently across the local landscape.

At the national, regional, and local levels, policymakers and practitioners could draw on existing evidence to identify the most important strategic enhancements to these housing platform programs and how existing resources could be better aligned and integrated to add these programmatic dimensions. Choice Neighborhoods in the United States presents a live example of this process, enhancing the HOPE VI program with a focus on employment and education. Why not apply this same housing-plus enhancement innovation to the HCVP and project-based voucher and inclusionary zoning programs? How might CDBG funds be deployed in much tighter coordination with these other efforts?

The early Choice Neighborhoods experience is instructive; successful implementation of the housing platform alone is exceedingly complex. Designing, resourcing, implementing, and sustaining enhancements such as supportive services, high-quality educational opportunities, workforce development, governance, and community building will take careful upfront strategic design; dedicated and vigilant technical assistance; and keen accountability from funders, partners, and constituencies.

As evidence mounts about the limited and sometimes detrimental effects of current social-mixing policies on urban poor people, the need for course correction and a new comprehensive path forward is clear. Ideally, this path will involve a longer term political quest for more structural change and a short-term effort to fundamentally enhance current programs in a comprehensive, integrated way.

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## **Point of Contention: Homeownership and Child Well-Being**

*For this issue's Point of Contention, we asked four housing economists with substantial knowledge of the topic to argue for or against the following proposition—"The research to date is consistent with a significant causal effect of homeownership on child well-being and the educational attainment of young people." Please contact [alastair.w.mcfarlane@hud.gov](mailto:alastair.w.mcfarlane@hud.gov) to suggest other thought-provoking areas of controversy.*

# **Do Kids of Homeowners Do Better Than Kids of Renters?**

**Richard K. Green**

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At first blush, there is no reason to think that choice of housing tenure should affect child outcomes. Economists think of tenure choice as a financial decision, grounded in the relative costs of owning or renting a house. But a problem exists with the economist's view of the tenure choice problem—for most people, in most time periods, after taking into account the transaction costs and maintenance costs of being a homeowner, owning produces an inferior economic outcome to renting. Yet, even in the aftermath of a period when owner-occupied housing has performed intensely badly, Americans seem to want to be homeowners. The question is, why?

Before we attempt to answer this question, let us look at the evidence for the relationship between tenure and child outcomes. We may divide research papers into two types—those that view the preponderance of the evidence as supporting the idea that kids of homeowners are more likely to finish school, less likely to get pregnant at a young age, have better cognition, and fewer behavioral problems (Green and White, 1997; Haurin, Parcel, and Haurin, 2003; Dietz and Haurin, 2003) and those that do not view the preponderance of the evidence this way (Barker and Miller, 2009; Holupka and Newman, 2012).

All the papers agree on a stylized fact—that using simple econometric models, homeownership, after controls are in place, predicts child outcomes. If all we were worried about was prediction, we could stop the argument at that point. To say one thing predicts another is, however, different from saying that one thing causes another. If something we observe is highly correlated with something we do not observe, and that observed thing predicts an outcome, we can not say whether it is the observed thing or the unobserved thing that is causing the outcome. All papers attempt to control for unobserved characteristics; results across papers vary.

Assume that it is not tenure choice that drives child outcomes, but rather unobservable characteristics: parents who select into owning are simply different from parents who do not. Let us also say that parents who become owners are more likely to have personality traits conducive to being good

parents than those who become renters. This assumption prompts a couple of questions. First, does the process of becoming an owner change the unobserved characteristics of parents? If so, so-called “corrections” for self-selection will mask a very real effect that ownership has on children. But what if the parents who embark on the ownership path are different from others from the beginning? We might then ask why these parents want to be homeowners.

The answer might have something to do with stability. Owners essentially have infinitely lived leases. This longevity indicates they can assure that their children remain in a stable environment, and, more specifically, can remain in a school district that their parents find desirable. Indeed, much of the work referred to in the previous section indicates that, after controlling for tenure choice, length of stay in one home is an important predictor of child outcomes. Parents with 1-year leases are not able to assure their children will have residential stability.

This conclusion raises some provocative questions about America’s institutional arrangements for renting. Other countries in the world, such as Germany, have much stronger tenant protections than the United States, which allows renters to be quasi-owners. Although this quasi-ownership has doubtless benefits to those who rent, it also discourages the market from supplying rental housing, thereby shutting some households out of the market. As such, it is not clear whether offering stronger generic tenant protections for renters would produce a net social benefit.

It is a little strange, however, that choices about the length of the lease seem to be so limited. Households seem to have the choice between the alpha of a 1-year lease and the omega of an infinite lease (that is, ownership). Given that children stay in school for 13 years, one wonders whether a 13-year lease might not be optimal for some households. We observe a very wide variety of leases in the commercial real estate market—office, retail, and industrial tenants frequently sign 1-, 3-, 5-, and 10-year leases.

Well-established literature provides evidence that residential stability is good for children (e.g., Adam 2004). In the U.S. context, ownership is the method by which parents can assure their children stability. Unless we change how real estate institutions in the United States work, homeownership will continue to play an important role in producing positive outcomes for children.

One final note—recent work by Gary Painter, Michelle White, Sarah Mawhorter, and Richard K. Green suggests that those parents who buy homes without making a downpayment have children who behave like children of renters, while all parents who put *anything* down have children who behave like children of all other owners. This finding suggests that the act of saving—even a little bit—has some association with child outcomes.

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# The Relationship of Homeownership, House Prices, and Child Well-Being

Donald Haurin  
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In the fourth quarter of 2012, the homeownership rate in the United States was 65.4 percent for all households. For the groups most likely to have children, the ownership rate was substantially lower, ranging from 21.9 percent for households under age 25, to 34.9 percent for those ages 25 to 29, to 48.6 percent for those ages 30 to 34, and to 60.4 percent for those ages 35 to 44.

Improving child outcomes is important for parents and society. These outcomes include high cognitive abilities, positive behaviors, graduating from high school and attaining additional education, earning high wages, and achieving other positive economic and social outcomes as young adults. The question of whether homeownership affects child well-being is thus important for understanding child outcomes and determining which public policies could be effective in improving outcomes.

Many studies have examined the determinants of homeownership. Economic factors known to positively influence the probability of a household being a homeowner include greater household wealth and permanent income, lower costs of owning (interest rates, property taxes, and transaction costs), greater expected returns on housing as an investment, and higher rental costs (the alternative to owning). Annualized transaction costs are lower the longer a household plans to remain in the dwelling; thus, households that expect to be geographically stable tend to be homeowners. Demographic factors such as marriage increase the likelihood of owning. In addition, it is likely that unobserved household characteristics, perhaps a desire to attain the “American Dream,” increase the probability of a household becoming a homeowner.

The major difficulty in determining whether homeownership *causes* improved child well-being is that many items in the list of factors that increase the likelihood of homeownership also are likely to improve child outcomes. For example, greater wealth permits greater investment in children and also access to better school quality. Greater household stability is more likely for homeowners than for renters and also has been shown to improve schooling outcomes. Owned dwellings are larger than rented dwellings, and the increased amount of space per child has been shown to positively affect child outcomes. Some of the difficult-to-observe household characteristics that increase the likelihood of homeownership are also likely to positively affect child outcomes. These confounding factors must be measured and controlled for in a statistical analysis of child outcomes before any conclusions can be drawn about the causal effect of homeownership.

Another difficulty in establishing a causal linkage between homeownership and child outcomes is theoretically identifying a causal mechanism and then showing that the mechanism is present in U.S. society. Why might homeownership cause better child outcomes? One plausible reason is that homeowners maintain their properties better than landlords or renters. An important aspect of maintenance for older properties is lead paint abatement. Homeowners have a direct incentive to engage in optimal abatement, whereas the incentives for landlords and renters are less clear. Furthermore, it is well established that lead in the home environment negatively affects children's cognition and behaviors. This is only one example of a mechanism that would link homeownership to improved child well-being. The literature identifies few linkages, however, and rarely tests for their effect.

The conclusion of the previous arguments is that it is challenging for empirical work to link homeownership and improved child outcomes. Even so, empirical studies attempt to address the previous problems. Haurin, Parcel, and Haurin (2002) studied child cognition and behavioral outcomes using a multiyear panel dataset that contains extensive information about a child's parents and their socioeconomic situations, thus controlling for a large number of confounding factors. They use statistical methods that attempt to control for which households choose to be owners (self-selection). This analysis concludes that the children of homeowners, compared with the children of renters, achieve modestly higher math and reading scores (measured by a standardized test). An important unanswered question in this study, however, is whether it is homeownership that affects child outcomes or whether it is the characteristics of owned dwellings compared with rented dwellings; examples of these characteristics include building and lot size. This particular lack of clarity occurs in other studies of the effect of homeownership on children. Until this topic is researched further, the question of whether homeownership *causes* improved child well-being should be considered open.

New research on the linkage between housing and child outcomes is following another, more general route. Decades of research have established that lower house prices increase households' demand for housing (the price elasticity estimates tend to be about -0.6). If more and better housing improves child outcomes, then public policies that reduce the price of housing should have a positive effect on children. The linkage between home sales prices and child outcomes is much more complex, however, than a simple linkage between sales price and quantity. Given that housing demand is price inelastic, higher house prices (rented or owner-occupied) imply that households will spend more on housing, leaving less to spend on other goods. This reduction likely includes spending less on children's educational materials and experiences that would positively affect children. Another response to high house prices and increased expenditures on housing may include additional hours worked by the parents, reducing their time inputs to childcare. Recent studies argued that high house prices affect marital stability through an asymmetric effect whereby both rising and falling prices reduce divorce. Also, high house prices may affect fertility. Both changes would likely affect a child's well-being. Because of the capitalization effects, high house prices may reflect high-quality neighborhood amenities such as schools and a child's peers. Overall, the theoretical direction of effect of high house prices on child outcomes is ambiguous, but the presumption is that negative effects will dominate. Empirical work on the linkage of house prices and child outcomes is very limited. Recently, Blau, and Haurin (2013) found that high owner-occupied

house prices reduce children's math cognition but not their reading cognition, behavioral problems, or health. They find no effects of rental prices on any of these outcomes. The effect is greatest for the female children of Hispanics, especially when ages 6 to 10, and for mothers whose cognitive achievement is in the lower half of the distribution. Blau and Haurin also found that living in areas where owner-occupied house prices are high during childhood reduces young adult wage rates, perhaps because of lower cognitive skills in math. The effect on math abilities could occur through multiple mechanisms. For example, higher owner-occupied house prices could result in households choosing to rent, thus forgoing the benefits of homeownership mentioned earlier. Or, higher owner-occupied house prices could result in smaller owner-occupied dwellings, increasing crowding and reducing children's ability to study. Or, as mentioned previously, higher owner-occupied house prices could affect other parental behaviors, including reducing expenditures on educational materials or spending fewer parental hours with their children. Further research is needed to clarify the mechanisms through which house prices affect household behaviors and child outcomes. This research is required before public policies can be optimally targeted.

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# The Evidence Does Not Show That Homeownership Benefits Children

David R. Barker

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Billionaires live in big houses, but aspiring tycoons would be mistaken if they concluded from this fact that upgrading their abodes would increase their chances of obtaining great wealth. Similarly, the fact that children of homeowners are better off than children of renters does not necessarily imply that every parent should own a house.

Believing that simple solutions will ease the problems of poverty and inequality is tempting, particularly when the solutions are promoted by armies of brokers, builders, and bankers who stand to profit from them. Factors influencing the well-being of children are particularly complex, however, and it is unlikely that merely switching families from renting to owning their homes would make a significant difference.

Homeownership may have positive effects on children, but negative effects may also exist, making the net effect difficult to determine. For example, home equity often represents a large fraction of a family's wealth, reducing the level of diversification in their investment portfolio, making them more vulnerable to economic fluctuations. Owning a home also makes it more difficult to move quickly in response to changes in employment opportunities. Lower family income can have a negative effect on children, possibly offsetting any positive effect of homeownership.

Perhaps the earliest research on the relationship between the well-being of children and homeownership was that of Harvard historian Stephan Thernstrom. Thernstrom (1964) studied records of children in 19th-century Newburyport, Massachusetts. Thernstrom found that homeownership was associated with less upward occupational mobility for children, probably because spending more money on housing made it harder to pay for education.

In contrast to Thernstrom's findings, modern data clearly show a positive correlation between child welfare and homeownership, but the question of causation is more difficult. The problem is not reverse causality, because it seems unlikely that having wonderful children causes parents to purchase houses, but that additional factors may affect the well-being of children and homeownership. Researchers must carefully control for the wide variety of factors that might simultaneously influence the well-being of children and homeownership.

One of these factors is building type. Research on the relationship between the well-being of children and housing during the 1960s and 1970s was mostly about the effects of building type rather than ownership (Conway and Adams, 1977). Large post-war public housing projects prompted concerns about the effects on families of living in high-rise buildings. Several researchers found that living on the upper floors of tall buildings had detrimental effects on children. These results are important in any investigation of homeownership because of the correlation between building type and ownership—most single-family houses are owned, but most multifamily units are rented. If, as older research suggests, building type can influence child welfare, then this factor must be carefully controlled in any investigation of the effects of ownership. Recent papers finding positive effects of ownership on children do not control for building type.

Mobility is another factor that is correlated with homeownership and the well-being of children. Most research on residential mobility shows that frequent moves have detrimental effects on the academic performance and the well-being of children. Because the costs of moving are higher for homeowners than for renters, families who expect to move in the near future are much more likely to live in rental housing. Although pushing families into ownership might reduce mobility, doing so might cause bigger problems, because families often move in response to loss of a job or because of crime or other problems associated with particular locations. Families might also move to place their children in better schools. Immobility resulting from subsidized homeownership can make such a move more difficult. Renting in a good school district, particularly with government rental assistance, is often the only affordable way for children in poor families to access high quality education.

Wealth is also an important factor in the well-being of children. Wealthy people tend to buy their homes, but poorer people tend to rent. Children obviously benefit in many ways from family wealth, and so any observed correlation between homeownership and the well-being of children might be because of these effects, rather than any direct effects of ownership. Having equity in a house provides a cushion against financial difficulties, but so does having money in the bank or in stocks, bonds, or a family business.

Many unobserved factors associated with child welfare are likely to also affect the propensity of families to purchase housing. Homeownership is something that many Americans desire for a variety of reasons. Capable people are more likely to attain goals such as homeownership, and they are also more likely to do a better job of raising their children. Observed correlations between homeownership and the well-being of children may be because of these unobserved characteristics of parents, rather than homeownership itself.

The first careful research to look specifically at the effect of homeownership on children was conducted by Green and White (1997). Controlling for several factors, they found that, on average, children of homeowners stay enrolled in school longer than children of renters. Aaronson (2000) found that controlling for mobility and self-selection into homeownership eliminated the statistical significance of Green and White's results. Barker and Miller (2009) also reexamined Green and White's data, finding that adding dwelling type, mobility, and wealth cast serious doubt on their results. In fact, we found that ownership of an automobile had a higher estimated effect on the well-being of children than did ownership of a home.

Haurin, Parcel, and Haurin (2002), using different data and corrections for self-selection and mobility, found positive effects of homeownership on measures of children's academic performance and well-being. Barker and Miller (2009) also reexamined their results, finding that, when families switched from renting to owning, these measures did not improve, and when they switched from owning to renting, they did not deteriorate. Examining switches such as these is useful because it is a way of controlling for unobserved characteristics of parents that do not change when the switch is made.

Using new data that were available neither to Green and White nor to Haurin, Parcel, and Haurin, Barker and Miller (2009) found that controlling for child and family characteristics eliminated the statistical significance of homeownership. In fact, we found limited evidence of a negative effect, with homeownership associated with lower reading scores for young children.

The most recent work on the effects of homeownership and child welfare is a paper by Holupka and Newman (2012). These authors find little evidence of beneficial effects of homeownership and conclude that selection effects probably explain earlier findings of statistically significant positive effects. They also find that the effects of homeownership are different for White and African-American families. There is weak evidence implying a beneficial effect of homeownership for White children, but none showing such an effect for African-American children. Different results for different groups suggests that the effects of homeownership are not well understood, and perhaps that a factor other than homeownership itself is responsible for the correlations that have been observed.

Papers from a decade ago that show positive effects of homeownership on the well-being of children have been cited prominently in support of policies favoring homeownership. Subsequent research has cast serious doubt on these results. In addition, the nation has conducted a large experiment in expanding homeownership, which ended very badly. Since 2007, more than 20 million foreclosures occurred, which suggests that many families have been uprooted physically and financially as a result of the push for homeownership, justified in part by published studies showing that children would benefit. Now that the evidence suggests that no causal relationship is probable between homeownership and the well-being of children, policy neutrality toward housing tenure seems more appropriate.

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# **Looking Back To Move Forward in Homeownership Research**

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For those interested in the effects of homeownership on children's well-being, the empirical literature offers good news and bad news. The good news is that the topic has generated a sizable body of serious research by highly respected researchers. The existence of multiple studies examining the same basic question is the coin of the realm in the hard sciences but is all too rare in housing policy research. The bad news is that this research has not produced consistent evidence about whether the effects of homeownership are positive, negative, or nonexistent. Because the studies are not replications, differences in a host of features from sample composition to the approach for addressing selectivity bias could account for discrepant results. Until we begin to take stock of the state of homeownership research and the tedious task of sorting through the sources of these divergent results, we are unlikely to make much progress in understanding whether a "homeownership effect" exists. In this commentary, we start this stocktaking and sorting process. We briefly discuss four topics: addressing selection; specifying models; treating income, race, and ethnicity; and handling residential stability.

## **Selectivity Bias**

Researchers agree that a (or perhaps *the*) major challenge in estimating the net effects of homeownership on child well-being is separating the effects of the characteristics of parents who select into homeownership, which are highly correlated with child outcomes, from the effects of the homeownership per se. Most studies of homeownership address selection with an instrumental variable (IV) strategy.

Exhibit 1 summarizes key characteristics of 10 prominent studies of homeownership, nearly all of which use nationally representative panel data. The first column indicates that 9 studies use an IV, and 1 study (Engelhardt et al., 2010) uses an experimental design. The first 7 studies pertain to shorter term child outcomes or the effects of homeownership during childhood and adolescence on longer term outcomes in early adulthood. We include the final 3 studies, which pertain to effects on citizen engagement, because the selection problem applies to all homeownership outcomes (not only child outcomes), all IV studies must estimate a first-stage model predicting homeownership regardless of the outcome being predicted in the second-stage model, and this group of studies includes the only experimental evidence available.

**Exhibit 1****Key Features of Selected Research on Homeownership Effects (1 of 7)**

<b>Exogenous IV</b>	<b>Strength<sup>a</sup></b>	<b>Independent Variables</b>	<b>Outcomes</b>	<b>Sample/Data</b>	<b>Finding(s)</b>
<b>I. Child Well-Being</b>					
Ratio of average user cost of HO to average renter cost in year of household's most recent move. <sup>b</sup> Source: Green and White (1997).	Renter: $B = -14.2$ , SE (2.0), $p < .001$ . Owner: $B = -14.4$ , SE (2.0), $p < .001$ .	Owned home. <sup>c</sup> Head's race. Family size. Family income. Head younger than 18 when child born. Head's education. Head female. Head divorced.	Still in school. Had a child (girls only). Head worked in past year.	PSID, national; 1980 through 1987; outcomes and covariates measured in year when child is 17 years old.	Probit models for all three datasets find that HO has statistically significant effects on— <ul style="list-style-type: none"><li>• Still in school (+).</li><li>• Have a child (-).</li></ul> No statistically significant evidence of selection bias found.
Average HO rates by state, by year, by race, and by income quintile. Number of family moves before child turned 5 years old (IV for residential mobility). Source: Aaronson (2000).					
	$F$ -statistic, full sample: 216.1 (w/o mobility) 126.5 (with mobility).	Child's race. Child's gender. Whether in stepfamily. Parents' education.	Graduated from high school by age 19.	PSID, national; 1975 through 1993; outcomes measured in year when child is 17 years old. Time varying covariates measured from ages 7 to 16.	Statistically significant (+) effect in base model. Not statistically significant when mobility added to model.
	Partial R <sup>2</sup> : 0.053 (w/o mobility) 0.060 (with mobility).	Family income. Head worked in last year. Family composition. Number of children. Year dummies. Frequency of moves. Duration of residence. House equity. House equity. <sup>b</sup> Vehicle equity. Vehicle assets. <sup>b</sup> Other real estate. Other real estate. <sup>b</sup> Cash, stocks, bonds.			

**Exhibit 1****Key Features of Selected Research on Homeownership Effects (2 of 7)**

<b>Exogenous IV</b>	<b>Strength<sup>a</sup></b>	<b>Independent Variables</b>	<b>Outcomes</b>	<b>Sample/Data</b>	<b>Finding(s)</b>
Index of house prices. Source: Haurin, Parcei, and Haurin (2002).	B = -0.73, $t = 3.4$ , $p < .001$ .	Whether homeowner. Duration owned home. Parents' wages. Nonlabor income. House value. Other real estate value. Owned businesses value. Value of vehicles. Value of other durables. Financial assets. Family size.	HOME-C. HOME-E. PIAT-Reading. PIAT-Math. BPI.	NLSY 97, national; children ages 5 to 8 in 1988, outcomes observed in 1988, 1990, 1992, and 1994.	IV models, statistically significant effects on— • HOME-C (+). • HOME-E (+). • PIAT-Math (+, $p < .10$ ). • PIAT-Reading (+, $p < .10$ ). Find statistically significant sample selection bias in four of six outcomes.

**Exhibit 1****Key Features of Selected Research on Homeownership Effects (3 of 7)**

<b>Exogenous IV</b>	<b>Strength<sup>a</sup></b>	<b>Independent Variables</b>	<b>Outcomes</b>	<b>Sample/Data</b>	<b>Finding(s)</b>
Annual change in state's per capita highway investment.	Low-income sample: Highway stock (+), $t = 2.8, p = .005$ .	Child in owned home ages 11 to 15. Race. Gender. Year born. Mother's age at birth. Metro area (+), $t = 4.95, p = .000$ . State HO (+), $t = 11.82, p = .000$ .	Teen birth (girls only). Idleness age 20. Years education age 20.	PSID, national; children born 1957 through 1973 with PSID data available when ages 11 to 15.	Statistically significant results by IV— Low-income sample: • None with state HO. • Highway stock, cost ratio, and metro area: • Years of education (+). • High school grad (+). • Postsecondary (+). • Earnings (+). • Welfare (-).
Ratio of renter-to-owner costs in census region year of last move.	Metro/county ratio of median rent to median property value.	Head's education. Number of children.	Two income samples: low income (< 150 poverty) and high income (>150 poverty).		
State HO rate.	High-income sample: Highway stock (+), $t = 1.76, p = .078$ . Cost ratio (+), $t = 1.47, p = .141$ . Metro area (+), $t = 7.17, p = .000$ . State HO (+), $t = 6.59, p = .000$ .	Years in two-parent family $\bar{x}$ annual earnings. Income beyond earnings. Years on welfare.	Postsecondary education. Chow tests results reject pooling low- and high-income households.	Average earnings. Received welfare.	High-income sample: None with any IV.
Source: Harkness and Newman (2003).		Years in city > 500,000 population.			

**Exhibit 1****Key Features of Selected Research on Homeownership Effects (4 of 7)**

<b>Exogenous IV</b>	<b>Strength<sup>a</sup></b>	<b>Independent Variables</b>	<b>Outcomes</b>	<b>Sample/Data</b>	<b>Finding(s)</b>
Index of metro HO prices.	Strength of individual IVs not reported.	Percent years in owned home.	High school diploma or more.	PSID, national; children born between 1968 and 1974,	Only HO in 1999 (+) statistically significant.
Index of metro gross rents.	Overall model “only performed moderately well (the R <sup>2</sup> was 0.29), although we had 12,500 child-year observations and only 31 regressors.”	X tract poverty, Percent childhood years moved.	College degree or more.	outcomes observed 1999.	Recommend treating IV results “as suggestive only.” Note that parameter estimates in IV models are as large, or larger than OLS models, but SEs are larger, producing nonsignificant results.
30-year fixed mortgage rate.		No child before 18.	No child before 18.		
Ratio metro rent/own costs.		Race.	HO in 1999.		
Received lump sum payment.		Gender.	Ln wages.		
Change in household income.		Birth order.			
HO rate in county.		Age.			
Interaction terms by renter status.		Married.			
Source: Galster et al. (2007).		Hours worked.			
State average marginal tax rates, 1- and 5-year averages.	Dropout by age 17: 5-year, B = -0.001, not significant.	Parents' leaves us with little variation to exploit.”	Parents' and household characteristics. <sup>g</sup>	Dropout by age 17. Had a child (girls only).	PSID, national; 1980–2007, outcomes and covariates measured in year when child is 17 years old.
Source: Green, Painter and White (2012).	1-year, B = -0.002, not significant.				
	Mother by 17: 5-year, B = 0.001, not significant.				
	1-year, B = 0.001, not significant.				
		Parents' employment status.			
		Household size.			
		Parents' marital status.			
		Family's income.			
		Financial wealth.			
		Race.			
		Mother's age when first child born.			
		Location and year fixed effects.			
		Size of downpayment.			

**Exhibit 1****Key Features of Selected Research on Homeownership Effects (5 of 7)**

<b>Exogenous IV</b>	<b>Strength<sup>a</sup></b>	<b>Independent Variables</b>	<b>Outcomes</b>	<b>Sample/Data</b>	<b>Finding(s)</b>
Housing price index (FMR).	F-Statistic: PSID FMR	Percent childhood owned home. Child's age.	PSID: WJ letter word. WJ passage comp.	2002 PSID-CDS, national; all Black/White children, ages 5–17 in 2002.	No statistically significant HO effects.
Average HO rates by race and income quintiles by state.	Black: 0.87–3.09. White: 0.95–3.42.	Mother's age. Mother's education.	WJ applied problems.	NLSY79 child surveys, national; children born after 1985.	Similar results (only a few statistically significant HO effects) found when using propensity matching.
Source: Holupka and Newman (2012).	HO Rate Black: 6.96–8.36. White: 2.08–4.56.	Mother's cognitive ability. Percent years in two-parent family.	BPI.		
	NLSY FMR	Never in two-parent family x number of siblings. Percent childhood on welfare.	Health.		
	Black: 1.39–1.86. White: 0.00–0.48. Hispanic: 3.35–6.77.	Percent childhood on welfare.	NLSY: PIAT reading recog.		
	HO Rate Black: 4.42–6.81. White: 7.52–8.85.	Whether always on welfare. Average family income over child's life. Whether breastfed.	PIAT reading comp.		
		Whether breastfed. Number of years since first HO.	PIAT math.		
		Parental mediators. <sup>h</sup>	BPI.		
		Cognitively stimulating materials in home.			
		Residential stability.			
		Neighborhood mediators. <sup>i</sup>			

**Exhibit 1****Key Features of Selected Research on Homeownership Effects (6 of 7)**

<b>Exogenous IV</b>	<b>Strength<sup>a</sup></b>	<b>Independent Variables</b>	<b>Outcomes</b>	<b>Sample/Data</b>	<b>Finding(s)</b>
<b>II. Citizen Engagement</b>					
Average homeownership rate by income quartile, by state, by race. Source: DiPasquale and Glaeser (1999).	Not reported. Authors note that “in several cases instrumenting causes the coefficient to rise to implausibly high levels,” which they attribute to the use of imperfect instruments.	Owned home. Age. Race. Gender. Marital status. Children in household. Log city size. Educational attainment. Income. Length of residence. Structure type.	Number of non-profit organization members. Know school head. Know congressman. Vote local election. Help local problems. Garden. Own a gun. Attend church.	U.S. General Social Survey.	IV models: (+) effect on all outcomes. Statistically significant on majority.
Random assignment. Source: Engelhardt et al. (2010).	B = 0.092, SE (0.046), p < .05.	Whether homeowner: Marital status. Income. Number of children. Race.	Voted in an election. Support local candidate. Contact public official. Volunteered. Worked neighborhood project. Participate in community organization. Cared for adult/child. Watched a home/pet. Contact for someone. Exterior home repairs. Interior home repairs.	Tulsa IDA experience; employed; income < 150% FPL.	No statistically significant HO effects.

**Exhibit 1****Key Features of Selected Research on Homeownership Effects (7 of 7)**

<b>Exogenous IV</b>	<b>Strength<sup>a</sup></b>	<b>Independent Variables</b>	<b>Outcomes</b>	<b>Sample/Data</b>	<b>Finding(s)</b>
State-specific total maximum mortgage subsidy rate. Source: Hilber (2010).	<i>F</i> -statistic Ranges from 1.8 to 2.8 across 12 models (4 outcomes, 3 model specifications).	Whether homeowner. Number of years in same community. Plan to stay 5+ years. Commuting time. Race. Gender. Age. Whether a parent. Income. Marital status. Educational attainment. Employment status. Percent developed land in tract.	Number of social interactions (log). Participate in neighborhood groups. Number of social interactions with coworkers. Participate in fraternal and service organizations.	Social Capital Community Benchmark Survey (2000), 41 communities throughout the United States.	HO statistically significant (-) with number of social interactions. HO by percent land developed (focal variable), statistically significant (+) for number of social interactions and in neighborhood groups. IV estimates computed using JIVE instead of 2SLS, produced similar results.

BPI = Behavioral Problems Index. FMR = Fair Market Rent. HO = homeownership. IV = instrumental variable. Ln = natural log. NLSY = National Longitudinal Surveys of Youth. OLS = ordinary least squares. PIAT = Peabody Individual Achievement Test. PSID = Panel Study of Income Dynamics. PSID-CDS = PSID-Child Development Supplement. SE = standard error. w/o = without. WI = Woodcock-Johnson.  $\bar{X}$  = mean.

<sup>a</sup> IV strength measured by whether IV's statistically significant in the first stage model, or reported *F*-statistic of 10 or greater.

<sup>b</sup> IV variable used to account for selection in a bivariate probit (endogenous switching) model, not a regular IV.

<sup>c</sup> Variables listed for PSID. Public Use Microdata Sample analysis adds length of tenure and housing cost. High School and Beyond analysis adds dummy income variables, youth disabled, English spoken at home, whether youth attends an academic high school, and whether the school is urban or rural.

<sup>d</sup> Ethnicity, age, education, cognitive ability, religiosity, household type where mother resided at age 14, maternal mastery, and paid work hours during child's first 3 years of life.

<sup>e</sup> Gender, whether disabled, and low birth weight.

<sup>f</sup> Median household income, population density, percent Black, percent Hispanic, unemployment, poverty, crime, and education.

<sup>g</sup> During childhood years: percent of years in poverty, percent of years in two-parent family, percent of years living in metro area, average number of neighbors head knows by name, percent of years with family within walking distance, education of head, occupational prestige of head, percent of years head self-employed, percent of years wife of head employed, annual hours head worked, religion of head, percent of years head read a newspaper every day, percent of years head belonged to a union, percent of years head did not attend weekly religious service, percent of years head never participated in social clubs, percent of years head planned life ahead, percent of years head trusted most people, whether head is a veteran, mother first gave birth as teen, and head raised in large city or small town.

<sup>h</sup> Parental warmth toward child, parent activities with child, and parent stress.

<sup>i</sup> Poverty rate, homeownership rate, and residential stability.

<sup>j</sup> Four years after randomization.

<sup>k</sup> Homeownership rate, percent of housing units in that are in multifamily buildings, size of the settlement to which the neighborhood belongs, average household income, income Gini coefficient, measures of linguistic heterogeneity, measures of ethnic heterogeneity, and population size and density.

We draw three main conclusions from reviewing the first column listing the IVs and the second column showing the strength of the IVs. First, the range of IVs tested to date and their weak performance indicate that we have not been successful in identifying theoretically valid and empirically strong instruments.<sup>1</sup> This set of results may indicate that we need to think harder, but it may also indicate that we need to consider other strategies for addressing selection beyond the IV approach.

Second, while there is some overlap in IVs, only one identical replication exists: Holupka and Newman (2012) intentionally replicate Aaronson (2000) to allow for the comparison of results from the second-stage outcome models. Comparing results when the IV is different (or even when it is similar but not identical) could account for differences in both IV strength and outcome findings. For example, studies by Green and White (1997) and Galster et al. (2007) both use the ratio of the cost of owning to renting, measured in somewhat different ways, as their IV; both analyze national Panel Study of Income Dynamics (PSID) data for all income groups combined; and both examine education and teen birth outcomes in late adolescence. Yet Green and White report that their IV has no effect on their probit models showing effects of homeownership on both outcomes, and they conclude that no evidence of selectivity bias exists. By contrast, Galster et al. use the ratio of owning to renting as one of several IVs, report that their first-stage homeownership prediction model performed “only moderately well,” and find no effects of homeownership on these two sets of outcomes. Another example of inconsistent results arises in analyses using variants on the state homeownership rate, a second IV that has been used in several studies. Focusing only on studies that consider all income groups combined, this IV is relatively weak in DiPasquale and Glaeser (1999)<sup>2</sup> and Galster et al. (2007) but is very strong in Aaronson (2000).<sup>3</sup>

Finally, although the IV approach has yielded mixed results to date, two other analytic approaches are consistent with the IV approach in not finding a homeownership effect. The strongest evidence comes from the sole homeownership experiment (Engelhardt et al., 2010), and additional evidence comes from propensity score matching (Holupka and Newman, 2012). In both cases, after selection is accounted for, homeownership has no effect on community engagement (Engelhardt et al., 2010) or on child cognitive achievement, behavior, or health (Holupka and Newman, 2012).

## **Model Specification**

The third column of the exhibit lists the covariates included in the models. Although substantial overlap exists in demographic and socioeconomic background variables, substantial differences also exist across studies, which could account for discrepant results. Noteworthy for this brief commentary are the treatment of assets and wealth, neighborhood characteristics, and community characteristics. Key issues are whether controls for any of these indicators should be included,

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<sup>1</sup> Some of the IVs used to date do not appear to meet the exclusion principle. For example, state homeownership rates could plausibly affect children’s cognitive achievement through their effect on property taxes, which are the main source of revenue for public schools.

<sup>2</sup> DiPasquale and Glaeser rely on their uninstrumented ordinary least squares model because they describe the homeownership coefficient in the outcome model with the instrument as “implausibly large.”

<sup>3</sup> Although Aaronson reports large F-test results, the partial R<sup>2</sup> for each model is small.

given endogeneity concerns, how they should be accounted for, and, if included, which measures should be used. Another issue is the inclusion of mediator variables in reduced form models, which will lessen the estimated effect of homeownership.

## Treatment of Income, Race, and Ethnicity

Most homeownership research includes income, race, and ethnicity among the array of independent variables in the first-stage homeownership prediction model and the second-stage outcome models. This approach assumes that the effects of all other covariates on the outcomes are the same for higher and lower income households and households in different racial and ethnic groups. Yet, Chow tests confirm the substantial heterogeneity by income, race, and ethnicity and indicate that subgroups by income, by race, and by ethnicity should not be pooled.<sup>4</sup> Pooling heterogeneous income, race, and ethnic groups into a single sample is problematic in any regression analysis but more so in IV models, because the first-stage model assumes linear effects (Murray, 2006; Terza et al., 2008).

## Addressing Residential Stability

On average, homeowners are more residentially stable than renters. Because child development and educational research suggests that residential stability is beneficial for developmental and academic outcomes, the role of homeownership in fostering stability has broad policy significance. The analytic challenge is, again, a selection issue: disentangling the possible selection of stable households into homeownership from the effects of homeownership itself. Including a measure of residential stability as a righthand-side covariate in outcome models (for example, DiPasquale and Glaeser, 1999; Green et al., 2012) does not address the selection issue. Aaronson (2000) tests an IV measuring the family's mobility before the child turned 5 along with a righthand-side control for mobility at older ages. Using this approach results in statistically insignificant effects of homeownership on remaining in school until age 17. This finding suggests that after residential stability is properly accounted for, the effects of homeownership disappear. The interpretation of this finding is that it is stability, not homeownership, that plays an important role. Holupka and Newman (2012) test the role of stability as mediating the effects of homeownership on child outcomes. Although they find that homeownership has a significant positive effect on residential stability, no evidence confirms that the role of homeownership on outcomes is mediated by stability.

## Discussion

The invitation from *Cityscape* to write this commentary forced us to take a colder and harder look at the body of research on the effects of homeownership on children than we have before. Existing research has produced contradictory results. This research relies on the IV method to address selection; typically pools all income, race, and ethnic groups in a single analysis; and varies in its approach to covariate controls, including those that are arguably endogenous. If future research continues on

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<sup>4</sup> Results are available from authors on request.

this same path, there is no reason to expect different results or, importantly, clearer insights into homeownership effects. Instead of doing more of the same, we advocate digging into the existing body of homeownership research to develop a clearer understanding of the sources of these differences. This approach should enable us to interpret existing results and to establish a stronger foundation for future research. More direct replications could also be illuminating (Satel, 2013).

Based on our admittedly cursory review, it seems clear that identifying even a single IV that meets the theoretical criteria and empirical standards of a strong instrument has proved elusive. Therefore, it is time to consider other methods that also support causal inference. Noteworthy in this regard are the two studies that use two other methods—an experiment (Engelhardt et al., 2010) and propensity score matching (Holupka and Newman, 2012). Both of these studies report no effects of homeownership on outcomes. Beyond the selection issue, we also recommend that the next generation of homeownership research recognize and address the heterogeneity of income, race, and ethnic groups and the confounding of homeownership and residential stability.

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## **Policy Briefs**

*The Policy Briefs department summarizes a change or trend in national policy that may have escaped the attention of researchers. The purpose is to stimulate the analysis of policy in the field while the policy is being implemented and thereafter.*

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# **The Federal Housing Administration and Long-Term Affordable Homeownership Programs**

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*The views expressed in this article are those of the authors and do not represent the official positions or policies of the Office of Policy Development and Research or the U.S. Department of Housing and Urban Development.*

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## **Abstract**

*This policy brief presents the results of a limited survey of housing and mortgage financing practitioners regarding the usage of Federal Housing Administration (FHA) home-buyer mortgage insurance in long-term affordable housing (LTAH) programs (which can also be called shared-equity homeownership). In so doing, the brief presents a description of (1) the various types of LTAH, (2) the U.S. Department of Housing and Urban Development's (HUD's) involvement in LTAH initiatives, (3) the major obstacles to greater involvement of LTAH in FHA and other HUD affordable homeownership programs, (4) arguments for and against changing FHA's current policies, and (5) research that would address core issues regarding HUD's general lack of knowledge about and engagement with LTAH models.*

## **Introduction**

Long-term affordable homeownership (LTAH)<sup>1</sup> programs, as defined in this article, are designed to provide homeownership opportunities for low- to moderate-income households and keep those units affordable in perpetuity. As discussed below, these programs have been successful both in preserving affordability and in developing household wealth. Despite their success and stability, however, most LTAH programs have been unable to access mortgage products insured by the Federal Housing Administration (FHA) for their lower income homebuyers. This lack of access is largely because of several FHA regulations that conflict with the basic structure and mission of LTAH programs.

This article addresses the central issues around the FHA regulations, describes solutions suggested by LTAH sector advocates, and proposes several avenues of research that will improve the U.S. Department of Housing and Urban Development's (HUD's) and the general public's understanding of this particular form of affordable housing. The first section of this article discusses the basic characteristics, the scope, and the performance of these programs. The second section describes the limited engagement HUD has had with LTAH. The third section describes approval issues with FHA policies when underwriting LTAH mortgages. The fourth section reports on the small field research project we conducted, which was a survey of LTAH program staff, FHA administrators, and lenders. The article concludes with some thoughts about future policy research in this area.

## **The LTAH Sector: Basic Characteristics**

The LTAH<sup>2</sup> sector is composed of three models of affordable housing that provide resale-restricted, owner-occupied housing for low- and moderate-income households. These three models are limited-equity housing cooperatives (LEHCs), community land trusts (CLTs), and deed-restricted houses and condominiums (Davis, 2006). In each model, a government agency or nonprofit organization subsidizes homeownership for low- and moderate-income homebuyers, investing public funds (or sometimes private donations) to reduce the purchase price of a house, townhouse, or condominium to an affordable level. In return for the assistance, homebuyers agree to certain limitations to preserve the affordability to future income-qualified families. Most often, these limitations are a restriction on the price for which they can sell the property (usually a certain percentage of any increase in value, plus the original cost of the property and any additions they have made) and a requirement to sell the property to certain households (usually other low- or

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<sup>1</sup> Because of confusion about the term “shared-equity homeownership,” we decided to use the term “long-term affordable housing.” Shared-equity homeownership may be confused with “shared-appreciation mortgages” (SAMs), which are a first mortgage product used by private lenders or investors in which the homebuyer gives up a share of future price appreciation in return for a lowered or deferred interest rate. Homes encumbered with a SAM are resold at their fair market value. Unlike resale-restricted LTAH homes, homes financed with a SAM are not subject to any sort of contractual ceiling on the price for which they resell. The concept is being promoted as a way to address the postbubble problem of so-called “underwater” mortgages.

<sup>2</sup> Other names for the concept are “durable homeownership,” “permanent homeownership,” “perpetual homeownership,” “homeownership in perpetuity,” and “permanently affordable homeownership.”

moderate-income households). Although the upper income limits may be about 120 percent of Area Median Income (AMI), LTAH programs typically serve households with between 50 and 80 percent of AMI.<sup>3</sup> The LTAH sector in its various forms has received support from the Ford Foundation, Habitat for Humanity International, NeighborWorks® America, the National Housing Conference+Center for Housing Policy, Fannie Mae, and others.<sup>4</sup>

LEHCs have a traditional cooperative (co-op) ownership structure but with a similar restriction placed on resale. The CLT model involves siting resale-restricted housing on land owned by the CLT, with resale restrictions enforced through a ground lease signed by the homeowner with the trust. The deed-restricted housing model typically involves resale-restricted homes developed through various local mandates or initiatives, such as inclusionary zoning. All these models have a commitment to balancing the dual goals of preserving housing affordability while offering low- and moderate-income households the opportunity to build equity through homeownership.

LTAH programs all involve some form of public investment. In many communities, this investment comes in the form of inclusionary housing or inclusionary zoning, in which communities mandate that developers of market-rate housing build a certain number of affordable housing units as part of the locality's approval of the market-rate development; the public investment in this case is in the form of a reduced, affordable price for income-eligible homebuyers (Schwartz et al., 2012). The rights, responsibilities, risks, and rewards of ownership are shared between an income-eligible household that buys the home for a below-market price and an organizational steward that protects the affordability, quality, and security of that home to ensure the home remains a lasting community asset (Davis, 2010a). In other instances, the public investment is more direct, such as the use of HOME Investment Partnerships Program (HOME) funds for downpayment assistance, or the sponsoring organization provides a “silent second” mortgage to reduce the cost of the unit.

The steward, which is a government agency or nonprofit organization, acts as a *coinvestor* with a low- to moderate-income homebuyer by providing public funds that reduce the purchase price of a home to make it affordable for the household. The steward also provides prepurchase and postpurchase education, financial counseling, and additional services to promote the success of the homeowners. In return for this assistance and to preserve affordability for future income-qualified homebuyers, homeowners agree to limit their financial returns when they sell their homes.

While some parts of the LTAH sector developed during the first half of the 20th century (most notably, LEHCs), the sector saw its most significant growth during the latter part of the 20th century with the emergence of CLTs and governmental deed-restricted and inclusionary housing programs (Davis, 2006; Sazama, 1996). The number of LTAH programs has grown markedly since the 1990s, greatly increasing the number of permanently affordable homeownership units. Rough estimates of the different LTAH models include 450,000 LEHC housing units; 10,000 units

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<sup>3</sup> One major goal of LTAH is to provide “workforce” housing for people in occupations such as teaching or firefighting, who often cannot afford to live in the neighborhoods in which they work.

<sup>4</sup> See <http://www.affordableownership.org> for a description of the Cornerstone Partnership's mission and activities. See <http://www.cltnetwork.org> for a description of the National Community Land Trust Network's mission and activities.

spread across 260 CLTs; and between 250,000 and 450,000 long-term-affordable, deed-restricted, homeownership units created and overseen by state and local governments (Davis, 2012, 2006).<sup>5</sup>

Two significant studies of LTAH performance and outcomes have recently been conducted. A study by the Urban Institute analyzed seven large LTAH programs across the country and found that homeowners built wealth, sustained homeownership successfully, rarely became delinquent or entered foreclosure proceedings, and frequently moved into market-rate homes after selling their resale-restricted homes. The study also found that these programs were achieving the durable affordability part of their mission by preserving the ongoing affordability of homes resale after resale (Temkin, Theodos, and Price, 2010).

The Lincoln Institute of Land Policy has also published multiyear, national survey results showing that mortgages held by owners of CLT homes outperformed mortgages held by homeowners in the conventional market during the peak years of the foreclosure crisis. The most recent study found that conventional homeowners were 6.6 times more likely to be at least 90 days delinquent and 10 times more likely to be in foreclosure proceedings than CLT homeowners. At the end of 2010, the 90-or-more day delinquency rate for CLT homeowners was 1.30 percent versus the 8.57 percent for loans in the conventional market reported by Mortgage Bankers Association. Notably, the rate for FHA loans was 8.46 percent (Thaden, 2011).

In addition to these studies, a number of analyses by leading shared-equity authorities estimate that long-term affordable homeownership programs can assist 2.0 to 3.5 times as many households during a 30-year period compared with conventional downpayment or other subsidy approaches (Jacobus, 2011).<sup>6</sup>

## **HUD and the Long-Term Affordable Housing Sector: LTAH “Under the Radar”**

The LTAH sector has not been the focus of significant support from HUD, despite its continued growth and its close relationship to HUD’s mission, with four exceptions.

The first exception is the Section 213 co-op mortgage financing program and later HUD subsidized multifamily programs. This program provided support for LEHCs, but it was not intended as a program for lower income families and did not include any affordability terms.

The second exception arose through an amendment in the National Affordable Housing Act of 1992, which adapted some core aspects of the CLT model as the basis for the HOME program’s Community Housing Development Organizations (CHDOs). Under the HOME program, local program

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<sup>5</sup> Although LEHCs are promoted as a vehicle for homeownership and asset building for lower income families, it is not known how many of the estimated units in existence are actually owned by lower income families; many such co-ops are not intended for this income group. The Section 213 program, described in the following section, provides no subsidies and imposes no income limitations on families.

<sup>6</sup> See also Jacobus and Sheriff (2009) and Jacobus and Lubell (2007).

grantees must set aside at least 15 percent of its funding for local nonprofit housing organizations meeting certain requirements regarding board structure and capacity. This legislative mandate—enabling CLTs to qualify as CHDOs—came about largely through the efforts of then-Representative Bernie Sanders of Vermont (Davis, 2012). HUD issued provisional guidance in 1993 and more extensive guidance in 1999 to implement this legislative requirement (HUD, 1999, 1993).

The third exception to HUD's lack of engagement with the LTAH sector comes in its community development programs—Community Development Block Grants, the Neighborhood Stabilization Program (NSP), and the HOME program. The decentralized nature of these programs has enabled local governments to use these funds largely without HUD's taking policy cognizance of them in program policy or administration. NSP regulations do state that “shared equity” is an eligible use of funds, and some communities have used CLTs as an integral part of their neighborhood stabilization plans. HUD does not track the number of CLTs involved in NSP-funded activity, however, so the extent of NSP-supported activity is not known.

The fourth exception occurred in 1994 in Mortgagee Letter 94-2 from the FHA. This letter issued guidance on how LTAH programs and organizations could access FHA single-family mortgage financing.<sup>7</sup> Mortgagee Letter 94-2 did allow for some exceptions to FHA's policy of prohibiting restrictions on the transferability of FHA mortgages.<sup>8</sup> This guidance set out requirements for resale price restrictions, sales to income-qualified buyers, fair return on investment, and maintaining the housing unit as a principal residence.

Mortgagee Letter 94-2 has served as FHA's only policy guidance on the subject since it was published. Advocates for LTAH were not happy with the guidance, with one such advocate calling the guidance “too narrow, incomplete, and fussy to allow [LTAH] programs to utilize FHA without compromising the integrity and workability of the local programs” (Institute for Community Economics, personal communication, 2012).

The FHA guidance did not open up FHA financing for LTAH programs on a major scale, and the restrictiveness of the policy may have been a major impediment.<sup>9</sup> Local LTAH programs continued to rely on banks and state housing finance agencies to provide the bulk of mortgage financing for LTAH housing during this period. This situation changed dramatically with the housing crash of 2008. At that time, conventional mortgage lending withered. The mortgage market retrenchment made FHA much more relevant for the entire housing market, including the LTAH sector, which in turn affected (1) lenders' comfort with FHA's guidance on the deed-restricted sector and (2) the vigilance with which FHA interpreted the guidance found in Mortgagee Letter 94-2.

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<sup>7</sup> As defined in 24 CFR Section 203.41. This guidance came about as a result of efforts from the predecessor to the National Community Land Trust Network—the Institute for Community Economics—to strengthen land trusts' abilities to preserve the affordability of moderately priced housing into the future for income-qualified families.

<sup>8</sup> Technically, the modifications created exceptions to FHA's normal policy against restraints on free alienability or transfer of a property.

<sup>9</sup> FHA does not maintain records on mortgages made with LTAH programs, but the evidence from local programs is that the use of FHA mortgages is quite limited.

## Issues With FHA Policy on Long-Term Affordable Homeownership

Given this increased reliance on FHA as it became virtually “the only game in town,” lenders working with various LTAH programs around the country began to more closely scrutinize what was allowed and what was not. This new reality of closer scrutiny and limited access to credit exposed the inadequacies and uncertainties underlying Mortgagee Letter 94-2 as the FHA framework for supporting the LTAH sector.

The following FHA policy issues are key for the LTAH movement.<sup>10</sup>

- 1. The requirement for a fair return to the homeowner on his or her investment.** The FHA requirement calls for homesellers to receive at least 50 percent of the home’s increase in value. The CLTs and local programs use a variety of resale formulas to achieve the dual objectives of protecting homeowner equity and preserving affordability for the next income-qualified family.
- 2. Prohibition on enforcement of local program requirements.** Local LTAH programs want the right to enforce such requirements as (1) forcing the homebuyer to use the home as the principal residence (that is, not renting it out), (2) limiting refinancing, (3) limiting resale to income-qualified buyers, (4) preserving the program’s right to repurchase the house in the event of foreclosure, (5) requiring a lender to notify the program of homeowner default, and (6) taking any excess proceeds if the home is sold for more than the restricted resale price. FHA has been concerned that such requirements would undermine a lender’s security interest.
- 3. Misalignment of income eligibility.** Mortgagee Letter 94-2 includes in its requirements that eligible programs have an income limit of 115 percent of AMI, which is less than the widely accepted 120-percent AMI cap used in other programs. Local programs suggest raising the cap to 120 percent of AMI to align it with other commonly used income caps.
- 4. Cumbersome program certification requirements.** FHA does not allow communitywide efforts to be certified, or approved, to access FHA financing. Approval can be granted only for specific housing developments rather than for communitywide programs. The problem is that many local programs may consist of many separate developments. Thus, every new development containing long-term affordable homeownership units must be authorized case by case. Lenders are also required to certify that local program documents meet FHA requirements, but they may fear that FHA may later determine, after the loan has been made, that the lender misinterpreted the regulations.
- 5. Allow program affordability restrictions to survive foreclosure.** Some local programs have the discretion to have program requirements (for example, owner occupation, income restrictions, and so on) to survive foreclosure. Fannie Mae permits the use of program requirements, but FHA does not. FHA strongly opposes the survival of any program restrictions and considers them a risk to FHA’s ability to recoup its investment in the event of foreclosure. This issue is

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<sup>10</sup> See NCLTN (2012) for the National Community Land Trust Network and the Cornerstone Partnership’s enumeration of these issues.

distinct from the second issue listed here in that it specifically refers to the enforcement of program requirements *after* foreclosure, not before. This issue is of particular importance for communities in high-income areas, where the removal of affordability requirements upon foreclosure will practically guarantee a loss of the unit.

FHA officials agreed to address these concerns and issue new guidance to replace Mortgagee Letter 94-2.<sup>11</sup> FHA's commitment to issue new guidance was reiterated by (then) Acting FHA Commissioner Carole Galante at the FHA-sponsored Affordable Homeownership Roundtable on May 8, 2012, in Washington, D.C.<sup>12</sup>

## The Research Project

In the summer of 2012, we interviewed LTAH practitioners and local government officials to learn how FHA mortgage insurance was used in this sector. In the 2011 National Community Land Trust Network (NCLTN) survey, 10 out of the 96 CLTs reported using FHA as a source of mortgage financing for program participants. We identified FHA lenders from local officials, other lenders, and other knowledgeable informants. In addition, we interviewed officials from HUD's Home Ownership Centers (HOCs) who are responsible for reviewing and approving requests from communities to use FHA mortgages. In total, we conducted 26 interviews with local program staff, including both CLT and local government program officials (N=18) and HOC officials (N=8). From these interviews, we have six major findings.

**1. LTAH programs have difficulty gaining access to mortgage credit for their homebuyers.**

Obtaining mortgage financing is a constant challenge for LTAH programs, and it became even more difficult with the collapse of the mortgage market, the effects of which continue. LTAH program access to financing seems to depend on establishing personal relationships with local banks or local representatives of lending institutions. There also appears to be wide variability in the number of banks working with local LTAH programs. Some may have only 1 or 2 lenders, but others may work with up to 10 lenders. Most program officials consider their current financing situation to be uncertain or unstable.

**2. Inconsistent application of rules has significantly affected local programs.** With no stated change in rules or regulation, several large LTAH programs in the Washington, D.C. metropolitan area suddenly lost access to FHA-insured loans. Both Montgomery County, Maryland's Moderately Priced Dwelling Unit program and the District of Columbia's Affordable Dwelling Units program lost access to FHA-insured loans after many years of unquestioned operation.

**3. Local programs with access to FHA financing are operating under varying kinds of approvals or certifications.** We identified only 10 programs that have ever had approval to use FHA financing. Of the 10 programs, 6 had a current approval, but 4 had lost their status as an appropriate recipient of FHA insurance because of presumed noncompliance with FHA policy as contained

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<sup>11</sup> See the National Community Land Trust Network (NCLTN) and Cornerstone statement on FHA rules on the NCLTN website at <http://www.cltnetwork.org/Policy-Action>.

<sup>12</sup> See <http://affordableownership.org/2012/05/30/policy-update-fha-may-2012/>.

in Mortgagee Letter 94-2. Of the 10 programs, 4 had *legacy authority* (that is, authority that had been granted 10 to 15 years earlier). The other two communities had received approval within the past 2 years. The remaining 4 were operating, or had been operating, under no identified authority or waiver from HUD. That is, they assumed that FHA had given them permission at some point in the past, but no documentation of that approval was available in their records. We labeled approval where no documentation was available as *phantom legacy* approval.

4. **Under the current process, local program officials are actively discouraged from seeking approval because of the impediments that exist.** Our respondents indicated that the difficulty they face in working with FHA keeps them from even attempting to gain program approval. This difficulty reinforces the position of the Cornerstone Partnership (NCLTN, 2012). In our conversations, we heard strong assertions that HUD is arbitrary, inconsistent, unhelpful, unresponsive, and not knowledgeable.
5. **The consensus of practitioners is that access to FHA financing is desirable, if not crucial, to the viability of these local programs.** Almost all the local program staff stated that their programs have been hurt by the withdrawal of conventional lending. Continued uncertainty about the availability of FHA financing and impediments to accessing it have also seriously impaired their ability to implement their programs.
6. **An odd geographic disparity exists in the requests for FHA underwriting of LTAH mortgages.** The four HUD HOC field offices that manage FHA's home mortgage financing programs are the first point of contact for practitioners. They are located in Atlanta, Georgia; Philadelphia, Pennsylvania; Denver, Colorado; and Santa Ana, California. These offices do not maintain a centralized database on local applications for LTAH programs, and they do not track activity of such local programs. During the 2 years before our research, the Denver and Santa Ana offices received the most requests—28 and 22 requests, respectively; the Denver HOC approved one-half of the requests received. The Philadelphia and Atlanta offices received “few” and no requests, respectively. No obvious explanation exists for the disparities between the east and west offices (the jurisdictions of the respective offices relate more to the east and west of the Mississippi River than to the east and west coasts), unless they are attributable to the geographic distribution of LTAH activity. In any event, more research is necessary to explain these disparities. Nearly all the requests have come from the states of California and Colorado, which have active and robust state and local inclusionary housing mandates.<sup>13</sup>

## Implications for Policy and Research

Currently no clear, expeditious path exists for LTAH programs to follow in obtaining FHA-insured loans. The current process represents a major obstacle to access to FHA mortgages for large numbers of LTAH programs. We see two major arguments for bringing FHA's rules more in line with the LTAH sector's needs and one argument against it.

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<sup>13</sup> This assertion is according to interviews with local officials from the four respective jurisdictions.

Arguments for—

1. A large and growing number of communities have embraced the concept of LTAH as an integral part of their commitment to and strategy for implementing affordable housing.
2. In this era of budget stringency and the need for conserving valuable public resources, a key strength of the LTAH approach is that it appears to allow the public subsidy dollars to go farther and achieve multiple socially worthy objectives—namely, successful homeownership, support for social and economic integration, and asset building and upward mobility.

Argument against—

1. FHA currently has a major concern about the long-term health and viability of its home mortgage insurance fund (that is, the Mutual Mortgage Insurance Fund). A recent audit forecasts substantial losses in future years. This projection may bring about a more cautious approach to expanding FHA's affordability initiatives. In such a risk-averse environment, FHA could conclude that insufficient and inadequate performance data exist to justify extending FHA benefits to this sector. The documentation of LTAH performance (particularly regarding defaults and foreclosures of FHA-backed shared-equity mortgages) has been extremely limited. As a consequence, until and unless more robust data become available, FHA may conclude that a change in policy is neither prudent nor protective of the FHA mortgage insurance fund.

Although LTAH has gained increased attention and apparent increased relevance at the local level, little is known about the size and scope of this sector, the soundness and cost-effectiveness of the shared-equity approach, or any additional obstacles to its increased use in HUD-promoted affordable housing strategies. The following research proposals address the core issues with FHA policy and LTAH discussed in this brief.

1. **Survey of LTAH programs.** This project would be the first comprehensive survey of state, local, and community long-term affordable homeownership programs across the country.
2. **Survey of lender policies and practices regarding LTAH programs.** The lack of mortgage financing opportunities is restricting the growth of LTAH. The effectiveness of any changes in FHA policy would depend on the home mortgage industry's response to and perspective on such changes. This project would survey the extent of lenders' involvement in such programs and explore the obstacles and potential incentives of such involvement.
3. **Demonstration to promote LTAH best practices.** Significant diversity in LTAH programs ranges from purely governmental to public-private partnership to community and nonprofit initiatives. Because of the disparate and decentralized nature of these efforts, they have not been the subject of focus of federal programs or oversight. A demonstration would identify at least 5 to 10 communitywide, regionwide, or statewide initiatives to produce an understanding of best practices in the field. Such a demonstration would include the promotion of (1) greater integration of local efforts, (2) sharing knowledge and expertise, (3) implementing improved management practices (including stewardship and administrative practices), (4) improving alignment with and access to federal resources, and (5) strategies to expand access to sustainable mortgage financing.

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## **Data Shop**

*Data Shop, a department of Cityscape, presents short articles or notes on the uses of data in housing and urban research. Through this department, the Office of Policy Development and Research introduces readers to new and overlooked data sources and to improved techniques in using well-known data. The emphasis is on sources and methods that analysts can use in their own work. Researchers often run into knotty data problems involving data interpretation or manipulation that must be solved before a project can proceed, but they seldom get to focus in detail on the solutions to such problems. If you have an idea for an applied, data-centric note of no more than 3,000 words, please send a one-paragraph abstract to [david.a.vandenbroucke@hud.gov](mailto:david.a.vandenbroucke@hud.gov) for consideration.*

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# **New Data on Local Vacant Property Registration Ordinances**

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## **Abstract**

*This article describes the Vacant Property Registration Ordinance Database, a new database of local vacant property registration ordinances (VPROs) in the United States. Beginning with an industry list, 550 ordinances were acquired, read, and coded on more than 30 characteristics. VPROs grew dramatically in 2008 and 2009, during the climax of the national foreclosure crisis, and the number of ordinances continued to grow after 2009, albeit at a somewhat slower pace. The database provides details on the coverage, requirements, and penalties specified in VPROs across the country.*

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## **Introduction**

Because of the growth in vacant properties that stemmed from the foreclosure crisis, the United States has seen a major increase since the mid-2000s in the number of local governments enacting vacant property registration ordinances (VPROs). VPROs require property owners to register vacant

and foreclosed properties with local government. VPROs often require owners of the registered properties to pay a periodic registration fee (which may increase as a property remains vacant for an extended period) and to maintain and secure properties in specified ways. They may also oblige property owners to carry a minimum amount of insurance or, in some cases, to provide a minimum bond or deposit. If requirements are not met, most VPROs specify fines and, in some cases, potential criminal penalties. As of May 2012, there were more than 550 local VPROs in the United States, increases from fewer than 20 VPROs in 2000 and fewer than 100 at the end of 2007.

The proximate objectives of VPROs typically include providing better data on the extent and nature of vacant and foreclosed properties, having detailed and reliable contact information for property owners and managers, and reducing the harms and costs such properties pose to neighborhoods and local governments. Ultimately, proponents of VPROs may hope to discourage irresponsible investment by internalizing some of the social costs of vacant properties and holding owners accountable for not maintaining properties in a responsible manner.

Before the development of the Vacant Property Registration Ordinance Database, limited information on VPROs had been available. Little comprehensive data had been compiled on the coverage of the ordinances, their requirements, and the penalties for noncompliance. The Vacant Property Registration Ordinance Database provides the sort of information necessary to examine how ordinances vary. Ultimately, the database could be used to evaluate the effects of different types of ordinances on local housing market conditions.

Three fundamental types of VPROs exist: the Vacancy and Abandonment Model, the Foreclosure Model, and the Hybrid Model. The key difference among these models is the event that triggers the requirement to register properties and comply with the ordinance's other requirements. Vacancy and Abandonment-Model ordinances require property owners to register properties after a certain length of vacancy. Foreclosure-Model ordinances are ordinances in which registration is triggered by a formal, state-required notice of default or intent to foreclose that is filed as a part of a judicial proceeding or advertised by the mortgagee or servicer as a part of a nonjudicial foreclosure process. One reason that this model was developed was that localities were finding that some properties where foreclosures had been initiated were being vacated well before the foreclosure sale was complete and the property became owned by the mortgagee or another new owner (Martin, 2010; Schilling, 2009). Many more recently enacted ordinances share characteristics of the Vacancy and Abandonment Model and the Foreclosure Model, in that they can be triggered either by vacancy or by foreclosure-related actions. We classify such ordinances as following the Hybrid Model.

Within these three ordinance types (the Vacancy and Abandonment, Foreclosure, and Hybrid Models), the specific terms and requirements vary greatly. Coverage and exemptions vary, as do requirements for securing, maintaining, and insuring the property. Enforcement tools, although somewhat uniform in fundamental structure (the use of fines is the primary tool), also vary, with some localities specifying at least some violations as criminal (misdemeanor) offenses and other localities not. Maximum fine amounts also differ significantly. Another feature of some VPROs is the exemption of properties that are registered with industry databases.

## Developing the Vacant Property Registration Ordinance Database

The initial list of VPROs came from the firm Safeguard Properties, Inc. (Safeguard), which has provided a frequently updated list of ordinances for several years. Safeguard is nationally recognized as a leading provider of asset management services for loan servicers and lenders. Using the Safeguard list, we identified 552 ordinances.<sup>1</sup> Each ordinance—or, in a few instances, a summary of the ordinance—was then read and coded into more than 30 variables, described in exhibit 1. An example of a typical database record is provided in the appendix.

Exhibit 2 describes the number of local VPROs enacted in different periods, including before 2000, from 2000 to 2007, from 2008 to 2009 (at the climax of the national subprime foreclosure crisis), and from January 2010 to April 2012. The ordinances are broken out into four types, including the Vacancy and Abandonment Model, the Foreclosure Model, the Hybrid Model, and a small, fourth category of ordinances covering occupied and vacant properties or all properties owned by an absentee owner. The Vacancy and Abandonment Model was the dominant model before 2008, with substantial growth during the 2000-to-2007 period. In 2008 and 2009, Foreclosure- and

### Exhibit 1

#### Fields in the Vacant Property Registration Ordinance Database

- |  |   |
|--|---|
| 1. Special note                                | 18. Range of escalating fee                       |
| 2. ID number                                   | 19. Differing fee amount                          |
| 3. Locality                                    | 20. Differing fee amount by what                  |
| 4. State                                       | 21. Bond requirement                              |
| 5. Enacted date                                | 22. Minimum bond required per property            |
| 6. Updated date                                | 23. Unit of maximum fine amount                   |
| 7. Title                                       | 24. Maximum fine amount                           |
| 8. Target properties (types)                   | 25. Fine amount for maintenance violation         |
| 9. Trigger to register                         | 26. Maximum fine amount for maintenance violation |
| 10. Triggered by locality's evaluation         | 27. Lien on the property                          |
| 11. Definition of vacancy/abandoned            | 28. Criminal penalty                              |
| 12. Exemption(s)                               | 29. Security requirement                          |
| 13. Registration deadline from trigger in days | 30. Maintenance requirement                       |
| 14. Registration term                          | 31. Plan requirement                              |
| 15. Escalating fee                             | 32. Plan coverage                                 |
| 16. Registration fee for the first year        | 33. Insurance requirement                         |
| 17. Registration fee for the second year       | 34. MERS or FPRC registration waiver              |

FPRC = Federal Property Registration Corporation. MERS = Mortgage Electronic Registry Systems.

Source: Vacant Property Registration Ordinance Database

<sup>1</sup> We began with a list of 587 mandatory VPROs published by Safeguard, which we downloaded from [http://www.safeguardproperties.com/Resources/Vacant\\_Property\\_Registration.aspx](http://www.safeguardproperties.com/Resources/Vacant_Property_Registration.aspx) on May 1, 2012. For a few ordinances in the Safeguard list, however, we were unable to find documentation of the ordinance (either a copy of the ordinance itself or, in a few cases, a summary of the ordinance). For 14 of the ordinances, the date of enactment was unclear, so they are not included in the time-on-enactment analysis. A significant undercount of ordinances adopted in the last few months of this period is likely, because we expect some (varying) lag between the date of enactment and the entry of the ordinance in the Safeguard database. The Safeguard list will likely expand somewhat to include ordinances enacted before May 2012 but not included in the list as of May 1, 2012.

Hybrid-Model ordinances mushroomed, although major growth was still occurring in Vacancy and Abandonment-Model ordinances. After 2009, the number of new ordinances slowed a bit, but more than 200 ordinances were adopted from January 2010 to April 2012. The number of new Hybrid-Model ordinances slowed somewhat after 2009, the number of new Vacancy and Abandonment-Model ordinances held roughly constant, and the number of new Foreclosure-Model ordinances increased.

Exhibit 3 shows the growth of local VPROs for the nine states with the most local VPROs adopted through April 2012. These nine states account for 77 percent of VPROs, led by Florida and California, which each account for 17 percent (94 and 93 ordinances, respectively) of the VPROs.<sup>2</sup> Illinois (61 ordinances, or 11 percent), Michigan (54 ordinances, or 9 percent), Ohio (37 ordinances, or 7 percent), Massachusetts (30 ordinances, or 5 percent), Minnesota, Georgia, and Missouri comprise the rest of the list. Many of these states have been among the leaders in foreclosure statistics during the prolonged U.S. housing crisis.

## Exhibit 2

Number of Local Vacant Property Registration Ordinances Enacted, by Type

Ordinance Type	Before 2000	2000–2007	2008–2009	January 2010–April 2012	Total
Vacancy and Abandonment	15	62	83	88	248
Foreclosure	0	4	20	33	57
Hybrid	0	3	136	88	227
All properties or absentee owner	2	1	1	2	6
All types	17	70	240	211	538

Note: Does not include ordinances in Connecticut.

Source: Vacant Property Registration Ordinance Database

## Exhibit 3

Growth of Vacant Property Registration Ordinances in Leading States

State	Before 2005	2005	2006	2007	2008	2009	2010	2011	January–April 2012	Total
Florida	0	0	0	0	15	31	33	14	1	94
California	3	1	0	4	44	25	11	5	0	93
Illinois	3	2	3	2	13	12	15	9	2	61
Michigan	6	1	1	1	5	15	17	7	1	54
Ohio	5	1	2	3	5	6	3	10	2	37
Massachusetts	3	0	0	1	10	9	4	3	0	30
Minnesota	6	0	1	0	0	5	3	5	0	20
Georgia	0	1	1	0	2	2	3	10	0	19
Missouri	5	3	0	0	4	5	1	1	0	19

Source: Vacant Property Registration Ordinance Database

<sup>2</sup> Connecticut passed a statewide vacant property registration statute in 2009, essentially imposing a vacant property registration requirement for properties across the state, although the statute allows for property owners to avoid registration with local governments if they register with a prescribed industry registration system. Connecticut localities are not included in any descriptive statistics here. For more discussion, see Immergluck, Lee, and Terranova (2012).

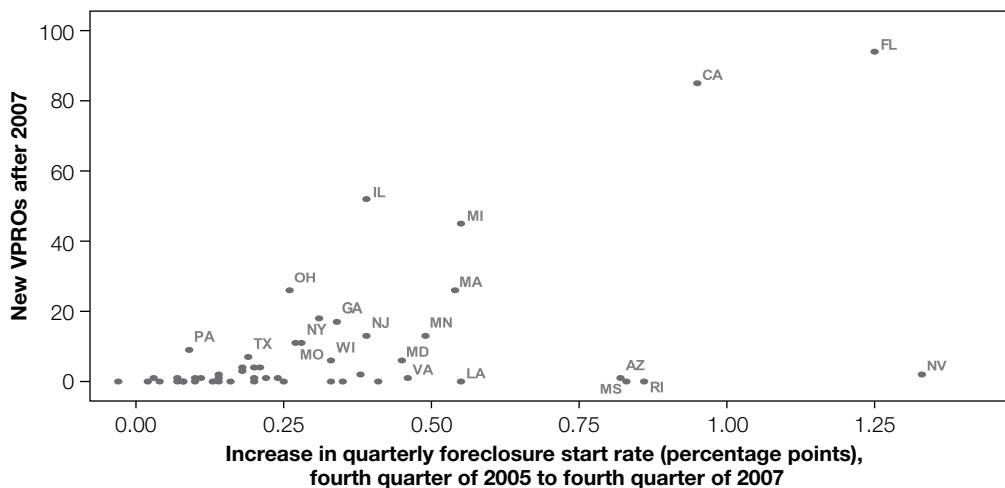
When the national foreclosure crisis took hold in 2007, California was clearly the early leader in VPRO adoption, with 4 localities enacting ordinances in 2007 and another 44 localities enacting them in 2008. Ohio had seen a steady, if slower, increase in VPROs, with 3 new ordinances in 2007 and 5 in 2008. Other states saw a substantial increase in ordinances enacted in 2008, including Florida, Illinois, Massachusetts, and, to a lesser extent, Michigan and Missouri. Two states—Ohio and Georgia—saw the rate of VPRO adoption pick up markedly in 2011. Ohio localities had already been somewhat active in adopting VPROs, enacting 14 ordinances from 2008 to 2010. In 2011, 10 additional ordinances were enacted in the state. Before 2011, Georgia had seen a slow rate of VPRO adoption, with only 9 local laws enacted up through 2010. In 2011, 10 new ordinances were enacted throughout the state. In response to the surge in such ordinances, however, by the spring of 2012, opponents of local VPROs had gotten a state law passed essentially preempting all but relatively weak ordinances.<sup>3</sup>

## The Foreclosure Crisis and VPRO Growth

Examining the relationship between foreclosures and the adoption of VPROs, exhibit 4 plots the number of new VPROs in each state after 2007 against the increase in the quarterly foreclosure start rate at the beginning of the national foreclosure crisis. It shows a general positive association between these two variables, so that states with greater increases in foreclosure starts in 2006 and

### Exhibit 4

New Local VPROs (January 2008 to April 2012) Versus Increase in Quarterly Foreclosure Start Rate (Fourth Quarter of 2005 to Fourth Quarter of 2007)



VPROs = vacant property registration ordinances.

Sources: Mortgage Bankers Association National Delinquency Survey; Vacant Property Registration Ordinance Database

<sup>3</sup> State of Georgia. House Bill 110. May 1, 2012. Available at <http://www.legis.ga.gov/legislation/en-US/display/20112012/HB/110> (accessed March 8, 2013).

2007 tended to experience more new, local VPROs after 2007. Exhibit 4 also shows that states with greater increases in foreclosure starts had substantial variation in the adoption of local VPROs, however. Indeed, many other factors are at play. For one thing, the sheer number of localities varies greatly across states. Beyond such very basic differences, another factor in determining local VPRO adoption is the authority that localities within a state possess to enact and implement VPROs. Some states, such as Nevada, are strong Dillon's rule states, in which the authority to pass laws such as VPROs must be expressly granted by state statute. In other states, laws that limit vacant property registration practices at the local level or that require statewide registration may, in effect, actually discourage or prevent states from enacting their own ordinances. Differences in state property law, housing market and broader vacancy conditions, and local political environments are also likely to come into play in the extent to which local governments are likely to adopt VPROs.

Of particular note are the states in the lower right-hand portion of exhibit 4. These states, including Arizona and Nevada (two perennial leaders in foreclosure statistics during the crisis), saw very few VPROs adopted after 2007. Arizona had only one known VPRO (enacted in 2009), and Nevada had only three (enacted in 2006, 2010, and 2012). Again, state home-rule laws, state political climate, and the number of local governments are likely to be key factors here.

## Potential Indicators of Ordinance Strength

The complexity of VPROs makes it difficult to develop a simple measure of the strength or rigor of an ordinance. In fact, any concept of strength is likely to be somewhat subjective and to depend on a combination of a variety of characteristics, including coverage (which types of properties are covered or excluded), requirements (including registration fees, maintenance, security, insurance, and rehabilitation plans), and sanctions or penalties (fines, criminal penalties, liens, and so on). Moreover, tradeoffs may exist between characteristics. As an example, localities may specify higher maximum fines, but this increase may be partly related to their exclusion of more property types. Although no one variable in the database will provide a comprehensive measure of ordinance strength, one might expect a set of indicators to be closely associated with overall ordinance strength. The database will enable researchers to develop their own measures of ordinance strength or, potentially, to test the effect of a particular ordinance characteristic on housing market outcomes.

## Conclusion

More than 5 years after the beginning of the foreclosure crisis, localities continue to adopt VPROs at a substantial pace, but the rate of growth has slowed somewhat since the peak of the crisis. The Vacant Property Registration Ordinance Database can be updated to reflect this growth. The database is expected to help researchers and practitioners understand the nature and variation of these ordinances across many characteristics. For a fuller description of the database and a detailed data dictionary, see Immergluck, Lee, and Terranova (2012). To obtain a copy of the database, contact Dan Immergluck at [dan.immergluck@coa.gatech.edu](mailto:dan.immergluck@coa.gatech.edu).

## Appendix. Example of Vacant Property Registration Ordinance Database Record (excluding note fields)

Field Name	Field Entry	Meaning of Field Entry (from data dictionary)
Special note		Explains unusual circumstances/nature of ordinance
ID number	28	A simple identification number in the database
Locality	Battle Creek	City or county
State	MI	State
Enacted date	09/20/2005	Date of enactment
Updated date		Date of revision, if any
Title	Ordinance 22-05	Formal title of ordinance
Target properties (types)	2	2 = residential properties
Trigger to register	2	2 = becoming abandoned
Triggered by locality's evaluation	2	2 = no
Definition of vacancy/abandoned	5, 6, 7, 22, 29, 34, 9998	5 = boarded; 6 = not properly maintained; 7= unsafe; 22 = utilities off; 29 = condemned; 34= code violation; 9998 = others
Exemption(s)	9999	9999 = not specified
Registration deadline from trigger in days	9999	9999 = not specified
Registration term	2	2 = one time
Escalating fee	2	2 = no
Registration fee for the first year	25	In dollars
Registration fee for the second year	0	0 = no fee
Range of escalating fee	9	9 = not applicable
Differing fee amount	2	2 = no
Differing fee amount by what	99	99 = not applicable
Bond requirement	9	9 = no
Minimum bond required per property	9	9 = not applicable
Unit of maximum fine amount	2	2 = per violation
Maximum fine amount	2	2 = \$250 < max fine amount < \$500
Fine amount for maintenance violation	2	2 = no
Maximum fine amount for maintenance violation	98	98 = not applicable
Lien on the property	1	1 = yes, can be applied
Criminal penalty	1	1 = misdemeanor
Security requirement	2	2 = secure building against unauthorized entry
Maintenance requirement	999	999 = not specified
Plan requirement	3	3 = no
Plan coverage	9	9 = not applicable
Insurance requirement	9	9 = no
MERS or FPRC registration waiver	4	4 = no

FPRC = Federal Property Registration Corporation. MERS = Mortgage Electronic Registry Systems.

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Yun Sang Lee is a recent Ph.D. graduate of the School of City and Regional Planning at Georgia Institute of Technology.

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Dan Immergluck is a professor in the School of City and Regional Planning at Georgia Institute of Technology.

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## **Graphic Detail**

*Geographic Information Systems (GIS) organize and clarify the patterns of human activities on the Earth's surface and their interaction with each other. GIS data, in the form of maps, can quickly and powerfully convey relationships to policymakers and the public. This department of Cityscape includes maps that convey important housing or community development policy issues or solutions. If you have made such a map and are willing to share it in a future issue of Cityscape, please contact [ronald.e.wilson@hud.gov](mailto:ronald.e.wilson@hud.gov).*

# **Visualizing Same-Sex Couple Household Data With Linked Micromaps**

**Brent D. Mast**

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*The views expressed in this article are those of the author and do not represent the official positions or policies of the Office of Policy Development and Research or the U.S. Department of Housing and Urban Development.*

In this article, I demonstrate how using linked micromaps (Carr and Pickle, 2010) can improve mapping of same-sex couple (SSC) household data. Micromaps display multiple maps on the same exhibit and highlight different geographic units in each map. Linked micromaps display columns of data next to micromaps.

I improve on typical census data mapping (for example, Lofquist, 2011) in several ways, most importantly by providing context for interpretation.<sup>1</sup> Typical choropleth maps provide no context to help the reader understand why, for example, Washington, D.C. (hereafter, D.C.), has such a high percentage of same-sex couples compared with the SSC percentage of the 50 states. Linked micromaps allow for state total estimates to be reported along with estimates by metropolitan status. When areas within states with the same metropolitan status are compared, D.C. is no longer such a significant outlier. I also improve on typical census mapping by presenting SSC estimates in descending order, which puts similar states into smaller perceptual subgroups for easier comprehension. I also report confidence limits, which help the reader gauge the relative precision of the mean estimates.

<sup>1</sup> For Census Bureau data on SSC households, see <http://www.census.gov/hhes/samesex/>.

To compute custom estimates by state and metropolitan status, I used American Community Survey (ACS) Public Use Microdata Sample (PUMS) data. To increase precision, I analyzed 5 years of PUMS data (2006 through 2010), which I downloaded from the University of Minnesota's IPUMS-USA database (Ruggles et al., 2010).

Of U.S. couple households, from 2006 through 2010, an estimated 1 percent (652,791) were SSC households; the 95-percent confidence interval is 1.0 to 1.1 percent. The SSC percentage is much higher in metropolitan areas than in nonmetropolitan areas. Of nonmetropolitan couple households, only 0.7 percent were estimated to be SSC households. Of metropolitan couples, an estimated 1.2 percent were SSC households. An estimated 2.0 percent of couple households in central cities of metropolitan areas were SSC households compared with 0.9 percent of couple households in metropolitan areas outside of central cities.

The possible preferences of same-sex couples for cultural and other amenities available in more metropolitan areas might play a significant role in these differences. Another possible factor is that there might be more tolerance and less discrimination in metropolitan areas.

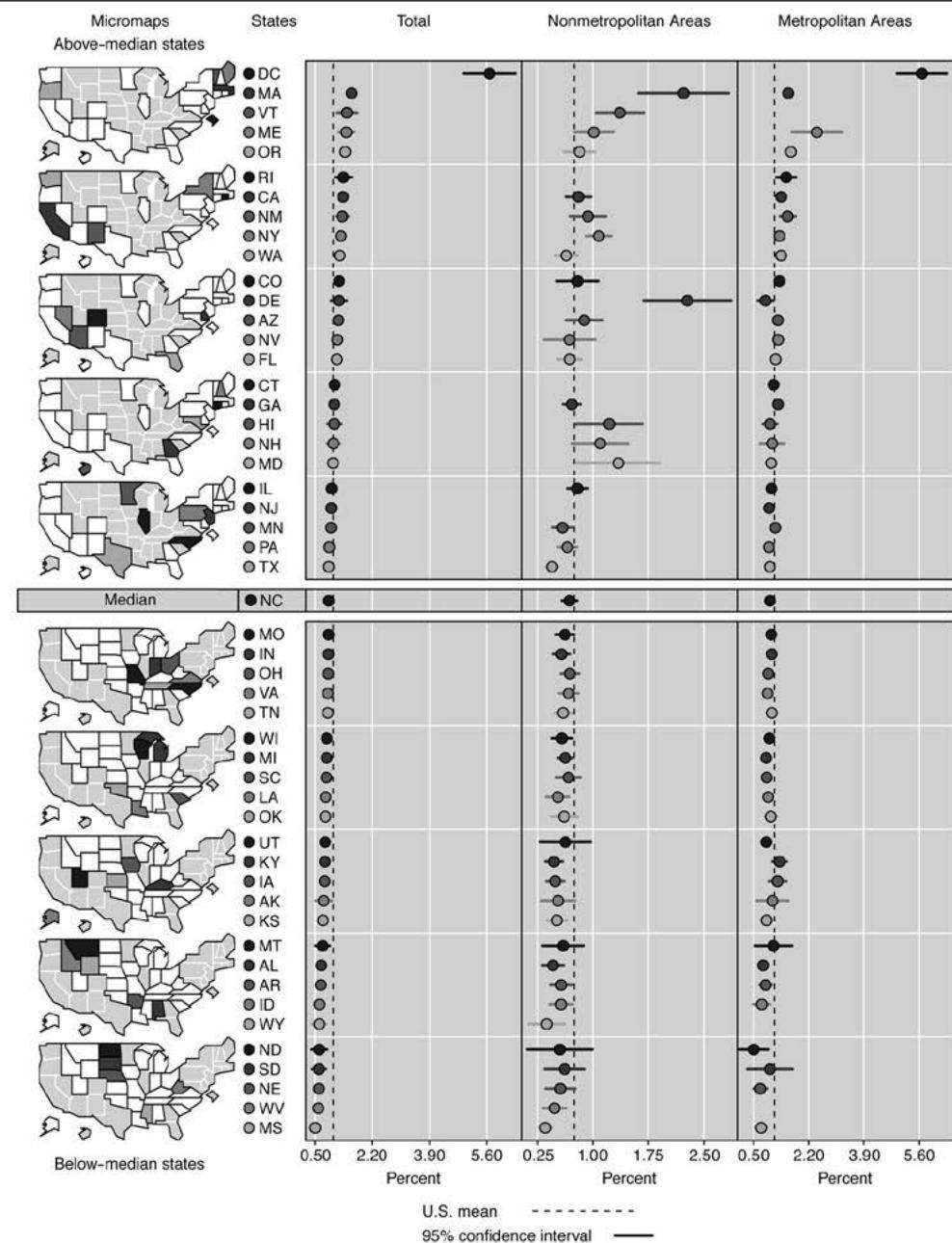
Exhibit 1 reports estimates of same-sex couples as a percentage of all couple households by state and for metropolitan and nonmetropolitan areas within states, and it includes 95-percent confidence intervals. Estimates are reported in descending order of state total estimates. The total SSC percentage varies from 0.5 percent in Mississippi to 5.7 percent in D.C., the median is 0.9 percent in North Carolina, and the mean is 1.1 percent. Four of the five highest percentage observations (D.C., Maine, Massachusetts, and Vermont) are in the eastern United States; the exception is Oregon. The five lowest percentage states are in the Midwest (North Dakota, Nebraska, and South Dakota) and South (Mississippi and West Virginia) census regions.

Nonmetropolitan estimates vary from 0.4 percent in Mississippi to 2.3 percent in Delaware, with a median of 0.6 percent in Michigan and a mean of 0.8 percent. Metropolitan estimates vary from 0.5 percent in North Dakota to 5.7 percent in D.C., with a median of 1.0 percent in Missouri and a mean of 1.2 percent. Note that some states' estimates are missing from one column. For instance, New Jersey has no nonmetropolitan areas, whereas Wyoming has no metropolitan areas.

Although exhibit 1 is more informative than typical maps, D.C. remains an outlier. In exhibit 2, I replace the column of metropolitan estimates in exhibit 1 with estimates for metropolitan areas outside central cities and for central cities of metropolitan areas.<sup>2</sup>

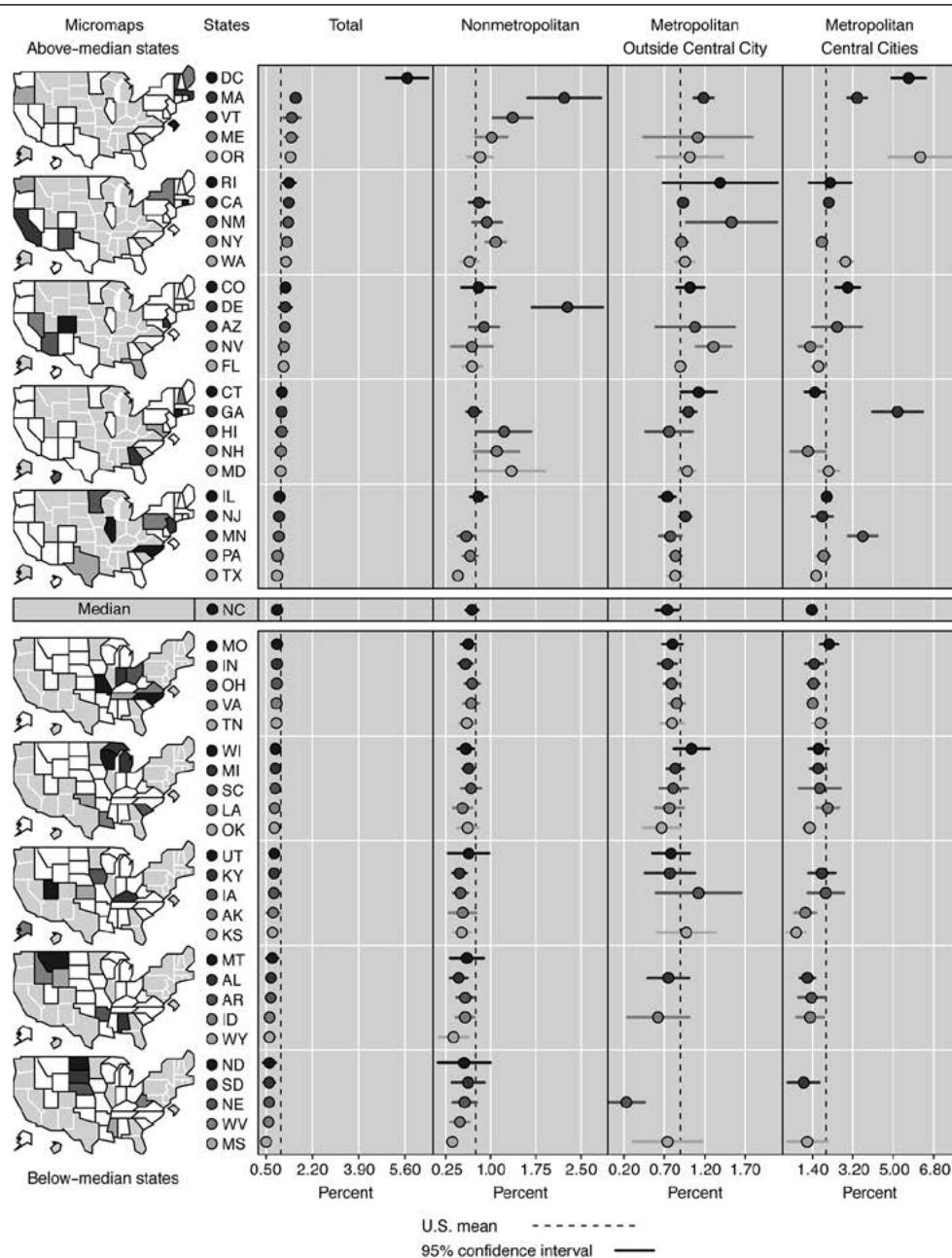
Compared with exhibit 1, exhibit 2 better explains why D.C. is an outlier from the 50 states. D.C. is the only observation for which the total population resides in a central city of a metropolitan area. When compared with central-city areas within states, D.C. is not such a significant outlier. In fact, Oregon central cities have a higher estimated SSC percentage—6.2 percent. Although Georgia ranks 17th overall, its central-city estimate of 5.2 percent ranks 3rd. The median for central-city areas within states is 1.6 percent in Texas, and the mean is 2.0 percent.

<sup>2</sup> The ACS PUMS does not disclose central-city status for all households in metropolitan areas or for any metropolitan areas in Delaware, Montana, and North Dakota.

**Exhibit 1****Same-Sex Couple Households As a Percentage of Couple Households  
(by metropolitan status)**

**Exhibit 2**

Same-Sex Couple Households As a Percentage of Couple Households  
(by metropolitan and central-city status)



Linked micromaps are powerful data-visualization tools, allowing for multiple columns of data to be reported next to maps. Geographic areas can be sorted and arranged in subgroups to facilitate visual comprehension.

Linked micromaps make clear that part of the state variation in the SSC percentage is because of differences in the proportion of the state population living in metropolitan areas, particularly in central cities. Compared with estimates for central cities within other states, the SSC percentage in Washington, D.C., is not so large.

## Acknowledgments

The author thanks Daniel Carr for helpful comments and R code for creating linked micromaps and thanks Ron Wilson for helpful comments.

## Author

Brent D. Mast is a social science analyst in the Office of Policy Development and Research at the U.S. Department of Housing and Urban Development.

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## **Impact**

A regulatory impact analysis must accompany every economically significant federal rule or regulation. The Office of Policy Development and Research performs this analysis for all U.S. Department of Housing and Urban Development rules. An impact analysis is a forecast of the annual benefits and costs accruing to all parties, including the taxpayers, from a given regulation. Modeling these benefits and costs involves use of past research findings, application of economic principles, empirical investigation, and professional judgment.

# **Refinancing Hospital Loans**

**Alastair McFarlane**

U.S. Department of Housing and Urban Development

*The views expressed in this article are those of the author and do not represent the official positions or policies of the Office of Policy Development and Research or the U.S. Department of Housing and Urban Development.*

## **Summary of Impact Analysis**

When the credit crisis developed, the Federal Housing Administration (FHA) allowed non-FHA-insured hospitals to refinance capital debt. FHA permitted the refinancing of non-FHA-insured loans under notices issued on July 1, 2009, and February 22, 2010. This final rule revised the regulations governing FHA's Section 242 Hospital Mortgage Insurance Program to codify the refinancing of non-FHA-insured loans.

In offering this new insurance product, the U.S. Department of Housing and Urban Development (HUD) took an approach intended to attract hospital applicants with a higher degree of financial strength than many Section 242 applicants have had historically. The minimum operating margin and debt-service coverage ratio were set at the median values prevailing in the Section 242-insured portfolio (excluding hospitals on credit watch). The rule will not address the financing needs of all healthcare facilities: its goal is to assist those hospitals saddled with unexpectedly high interest rates and those in which refinancing is urgently needed for the hospital to continue operations and adequately serve its community.

HUD expects the rule to result in a \$1.26 million transfer per year per healthcare facility. Among 10 facilities, the aggregate annual impact is \$12.59 million. A multiyear scenario, in which the number of participants increases to 17, yields an aggregate annualized transfer to hospitals of \$17.63 million by the third year of the program. HUD estimates that this program will raise net receipts of the federal government by \$79 million (from \$79 million to \$158 million). Costs of

the rule include upfront application costs, which may be as high as \$870,000 per applicant but are likely to be much lower, given that non-FHA-insured lenders impose transaction costs as well. HUD does not have enough information to quantify or evaluate the opportunity costs or distortionary effects of the program. A benefit of reducing the probability of default includes reducing the expected social welfare loss from hospital foreclosures.

## Motivation for the Rule

The rule was promulgated to provide relief for those hospitals that are paying high penalty rates on auction-rate debt and variable-rate bonds and that are unable to obtain affordable refinancing from the private market, thereby placing in jeopardy the continued existence of the hospital and its ability to adequately serve the surrounding community. Auction-rate debt was a standard means for financing loans used by quasi UTILITIES, such as hospitals. The interest rates on auction securities are reset by auction periodically.<sup>1</sup> The auction-rate securities are an alternative to more familiar types of bonds, such as fixed-rate bonds or variable-rate bonds, for which the rate is based on an index such as LIBOR (the London Interbank Offered Rate). Hospitals issued auction-rate securities because, before 2008, they provided low-cost financing. Investors purchased auction-rate securities because, before 2009, they were perceived as offering an advantageous balance between risk and expected return.

An auction for adjustable-rate securities fails when the offer of securities for sale exceeds the orders to purchase securities (demand exceeds supply).<sup>2</sup> Before 2008, broker-dealers had managed to prevent most auction failures by putting in bids when demand for auction-rate securities threatened to be insufficient. In 2008, however, broker-dealers retreated and the auction-rate securities market was paralyzed.<sup>3</sup> When an auction fails, the investor's account is frozen until the next auction and the borrower is required to pay an interest penalty, which can be significant. The penalty is designed to compensate investors who bear the opportunity costs of illiquidity during volatile times. Until the recent financial crisis, liquidity in the auction-rate securities market had been adequate for hospitals. In February 2008, the auction-rate securities market froze and many borrowers were subject to increases in interest payments during an economic period in which any increase in cost imposed a substantial burden on the borrower. In worst case scenarios, some borrowers experienced interest payment increases as great as 10 percentage points.<sup>4</sup>

Other debt-service costs exist, in addition to the interest-rate penalties. Variable-rate debt is typically collateralized by letters of credit issued by banks to the borrowers. During a financial crisis, a reduction in the liquidity and creditworthiness of banks adversely affects their ability to extend or reissue letters of credit. The consequences of nonrenewal of letters of credit can be the acceleration of outstanding debt balance.

---

<sup>1</sup> Auctions occur at intervals of 7, 14, 28, or 35 days.

<sup>2</sup> Lee (2008) provides an excellent description of auction-rate securities and setting interest rates via the Dutch auction.

<sup>3</sup> The failure rate rose from 2.0 to 87.0 percent during February 2008.

<sup>4</sup> The U.S. Securities and Exchange Commission issued a legal brief in 2011 supporting claims that investment banks failed to adequately warn investors of the risks of auction-rate securities (Preston and Gallu, 2011).

If a hospital finds itself in a disadvantageous position because of failed auctions, then refinancing is critical to its ability to repay its loan. Allowing for refinancing also leads to benefits by reducing the probability of default and reduces the expected social cost of a hospital foreclosure.

## Transfers Resulting From the Rule

The hospitals that are able to refinance into a lower cost loan because of FHA insurance are the primary beneficiaries of this rule. The objective of the healthcare facility to minimize financing costs among a variety of alternatives can be expressed as—

$$\min_i [m^{ARS}, (m^{FHA} + T^{FHA}), (m^M + T^M)], \quad (1)$$

where  $m$  is the annual mortgage payment,  $T$  is the annualized closing cost,  $ARS$  indicates the auction-rate security financing cost or status quo,  $FHA$  indicates the mortgage payment and closing costs of an FHA-insured loan, and  $M$  indicates the lowest cost market alternative to the FHA loan. If the FHA-insured loan is the least cost loan and the status quo ( $ARS$ ) is the second best option,<sup>5</sup> then the annual savings would be expressed as—

$$m^{ARS} - (m^{FHA} + T^{FHA}). \quad (2)$$

If the FHA-insured loan is the least cost loan and the alternative market refinancing ( $M$ ) is the second best option,<sup>6</sup> then the gain from refinancing is—

$$(m^M + T^M) - (m^{FHA} + T^{FHA}). \quad (3)$$

Before the liquidity crisis, the former scenario (2) was the norm for healthcare facilities. Since 2008, however, the latter scenario (3) has been more common. For healthcare facilities operated by local governments, the reduction of interest payments constitutes a transfer to the taxpayers.

The segment of the market served by FHA is composed of facilities with credit ratings of BBB (lower medium grade) or less or are not rated. By raising the hospital's credit rating to AA (high grade), the FHA insurance enables considerable debt-service savings for the hospital. FHA is able to facilitate a transfer of  $(m^M + T^M) - (m^{FHA} + T^{FHA})$  to hospitals through prudent risk pooling by FHA.

The estimate of the benefit of the FHA refinancing rule needs to account for the benefit to hospitals relative to other refinancing opportunities. In the former scenario, in which auction-rate security financing is the least expensive alternative to an FHA loan, the net annual gain of FHA refinancing for the hospitals is equal to the sum of the average market rate plus interest-rate penalties less the sum of the FHA annual fixed rate plus its insurance premium and other closing costs. For example, if the average annual rate that hospitals pay on auction-rate debt is 15.0 percentage points and the FHA-insured loan offers refinancing at 4.5 percentage points, then the benefit of the refinancing, accounting for the 0.5-percent premium, would be 15.0 percentage points annually for participants. If private alternatives exist, however, such as the restructuring of debt that would reduce capital

<sup>5</sup>  $m^M + T^M > m^{ARS} > m^{FHA} + T^{FHA}$ .

<sup>6</sup>  $m^{ARS} > m^M + T^M > m^{FHA} + T^{FHA}$ .

costs to an interest rate of 7.0 percent (Franklin, 2009), then the net benefit of the rule relative to other opportunities would be 2.0 percentage points (7.0 percent–4.5 percent–0.5 percent),<sup>7</sup> where 0.5 percent represents the annual FHA premium.

HUD's estimate of saving throughout the analysis is based on the difference between FHA-insured refinancing and an alternative. Further, HUD assumes that the FHA closing cost is equivalent to the non-FHA alternative. Commercial mortgage rates vary by loan type and size but, in general, rates range from 4.0 to 6.0 percent (CFA, Inc., 2012). Healthcare facility loans vary from 5.5 to 7.5 percent (CLD, 2012). Despite the eligibility criteria, HUD expects weaker hospitals to apply for loans so that the competing rates may be as high as 8.5 percent. This pattern is supported by data on the interest rates obtained through FHA insurance compared with the higher interest rate that would have applied to a loan to the same borrower without FHA insurance. For each loan insured, FHA obtains from the mortgage lender an estimate of the rate the hospital would pay without FHA. The results are summarized in exhibit 1 for the last 25 hospital loans that were insured.<sup>8</sup>

## **Exhibit 1**

### **Comparison of Interest Rates**

	<b>Interest Rate Obtained Without FHA Insurance (%)</b>	<b>Interest Rate Obtained With FHA Insurance (%)</b>	<b>Difference (%)</b>
Highest	12.00	6.78	5.22
Median	8.47	5.65	2.82
Lowest	6.95	3.88	3.07

FHA = Federal Housing Administration.

HUD uses a wide range of estimates of the change in interest rate from a reduction of 1.0 percentage point (6.5 to 5.5 percent) to a reduction of 3.0 percentage points (8.5 to 5.5 percent). HUD's base case is a reduction of 2.0 percentage points (from 7.5 to 5.5 percent). For all these cases, HUD assumes that the FHA loan is characterized by an additional annual financing cost of 0.5 percent of the loan balance.

Using an average loan size of \$108 million amortized over 25 years, the reduction in the annual mortgage payment will range from \$0.80 million (a 1.0-percentage-point decline in the interest rate, from 6.5 to 5.5 percent) to \$2.50 million (a 3.0-percentage-point decline, from 8.5 to 5.5 percent). HUD's base case is a 2.0-percentage-point decline, from 7.5 to 5.5 percent, which yields a \$1.64 million annual reduction in mortgage payment, from \$9.69 million to \$8.05 million.

HUD assumes that all other financing costs of the two loans are identical except for the periodic FHA insurance premium (other transaction costs associated with an FHA loan are addressed in a subsequent section). The average annual financing cost (mortgage plus premium) over the life of an FHA loan is \$8.37 million. The interest rate, which yields a present value equal to the original balance of \$108 million, given the stream of payments over 25 years, is approximately 6.0 percent

<sup>7</sup> Note that these figures are not official estimates and are meant only for illustrative purposes. The exact difference in the cost of capital will be slightly different (and is calculated subsequently).

<sup>8</sup> One outlier, a hospital with unique circumstances, was excluded.

(5.97 percent). In other words, the annual percentage rate (APR) of the FHA loan, which is the true cost of capital, is 6.0 percent. The annualized payment on an FHA loan would increase from \$8.05 million to \$8.43 million. The annualized net savings of an FHA loan is correspondingly lower, ranging from \$0.42 million for a 6.5-percent non-FHA alternative loan to \$2.12 million for an 8.5-percent non-FHA alternative loan. The net annual gain to the borrower in HUD's base case of a 7.5-percent non-FHA alternative loan is \$1.26 million (\$9.69 million - \$8.43 million).

The program is not designed for the entire industry of 5,000 hospitals. The pool of applicants is limited by eligibility restrictions. At the time the proposed rule (75 FR 4964) was published on January 29, 2010, and the first draft of the regulatory analysis was written in June 2009, industry experts estimated that FHA would receive from 25 to 40 applications during the first year that Section 242 refinancing was offered. In fact, FHA received only 15 preliminary stage applications, and most of those were eliminated based on a failure of the hospital to meet the threshold requirements in Section 242.

HUD noted in the analysis of the proposed rule that low participation was a distinct possibility, despite the financial incentives offered by the rule. A major unknown was an eligible hospital's desire to refinance through FHA. The primary incentive of a hospital to participate is to escape the adjustable rates or penalties in the auction-rate securities market. If the auction-rate securities market is healthy, however, then the FHA is not likely to have as many, if any, customers for its Section 242 program. The auction-rate securities market has not rebounded, however, because of a continuing lack of liquidity.

The single application that was approved illustrates the potential benefit of Section 242/223(f) refinancing. Parkview Community Hospital in Riverside, California, a state-designated safety net hospital, plays a vital role in its community by providing for 19.6 percent of the inpatient market share. Parkview was paying a 20.0-percent interest rate on its capital debt. Its high debt-service payments put a financial strain on the hospital and cast doubt on its future viability. After refinancing with a loan of \$29 million at a rate of 5.0 percent, however, the hospital is able to save a substantial amount in financing costs over the 25-year life of the loan and to better serve the medical needs of the Riverside community.

A potential explanation for the low level of participation is that hospitals have found alternative means for refinancing other than Section 242. The private market is likely to search for solutions to resolve some of these crises. For example, when the interest rate on Trinity Health's \$600 million of auction-rate securities rose from 3.0 to 12.0 percent, the company restructured the securities with Merrill Lynch & Co., Inc., to bring down the rate to an average of 2.25 percent (Greene, 2008). Trinity Health had the advantage of a AA long-term rating. Other healthcare facilities, however, may not have the same opportunities.

Based on input from lenders and on FHA's review of market conditions, FHA expects to insure approximately 8 loans during the first year the final rule is in effect.<sup>9</sup> HUD uses 10 loans as its baseline estimate and does not expect the number to surpass 15 new entrants in any single year.

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<sup>9</sup> The expected number of participants is less in the final rule than in the proposed rule.

The 2.0-percentage-point interest rate decline (a 1.5-percentage-point decline in APR) scenario ranges from net savings of \$1.26 million with 1 participant to \$18.88 million with 15 participants (exhibit 2). Given the past experience of overestimating the number of participants in refinancing programs, it is likely that the number will be closer to 5 participants, in which case, the net savings will range from \$2.12 million to \$10.62 million, depending on the alternative cost of capital.

## **Exhibit 2**

Aggregate Annual Net Savings (in million \$) by Hospitals From Refinancing  
(from a \$108 million, 25-year loan)

Number of Participants	Interest Rate on Alternative Non-FHA Loan			
	6.5%	7.0%	7.5%	8.0%
1	0.42	0.84	1.26	2.12
5	2.12	4.19	6.29	10.62
10	4.24	8.38	12.59	21.23
15	6.36	12.57	18.88	31.85

FHA = Federal Housing Administration.

## **Dynamic Considerations**

Healthcare facilities will apply to and participate in the program only as long as doing so provides benefits. Consider the scenario of a pool of 100 potential applicants and the base case of a 1.5-percentage-point net benefit of the FHA as a refinancing alternative. If 10 participants enroll in the first year, potentially 90 new entrants could enroll in the second year. It is reasonable to assume that successive years will bring new entrants but that the number of new entrants will decrease over time. If markets recover slightly (auction-rate market interest rates decline to 7.0 percent), then perhaps only 5 hospitals out of those remaining 90 would find it beneficial to pay an insurance premium to participate in Section 242. Under such an assumption, the total number of participants would increase to 15 (10 + 5) in the second year. The effects of a recovery, even if mild, would also be to reduce the potential net saving per loan. Fluctuations in the credit market would alter the benefit of the FHA loan over time. For example, suppose that participation is characterized by the pattern displayed in exhibit 3.

The aggregate annual transfers would reach \$17.63 million by the third year. As soon as the alternative interest rate is close to 6.0 percent, the FHA loan would no longer be advantageous.

## **Exhibit 3**

Aggregate Annual Net Savings Over Time (assuming declining new participants)

Year	Auction-Rate Market Interest Rate (%)	New Participants	Total Participants	Net Annual Saving to New Participant (million \$)	Average Net Annual Saving per Participant (million \$)	Total Annual Saving (million \$)
1	7.5	10	10	1.26	1.26	12.59
2	7.0	5	15	0.84	1.12	16.78
3	6.5	2	17	0.42	1.04	17.63
4	6.0	0	17	0.00	1.04	17.63

## Budget

HUD estimated that this program would add \$1 billion to the fiscal year 2013 estimate, nearly doubling insurance endorsements. Net receipts are projected to increase by \$79 million (from \$79 million to \$158 million). The marginal credit subsidy rate of these loans would be -7.93 percent (indicating a negative credit subsidy). The \$79 million increase represents the net present value of the cash flow from the negative credit subsidy if 9.25 loans are expected at \$108 million apiece (-0.079 x 9.25 x \$108 million). The negative subsidy is equal to the present value of the expected cost of the claim less the expected present value of premium insurance (upfront and periodic). In this case, revenue is expected to exceed costs so that the subsidy is negative.

A government agency's increase in net revenue is usually treated as a transfer; the increase in FHA revenue occurs as the result of offering a product that raises expected net revenue. In the short run, the gain in revenue will enable the FHA to rebuild its mandated reserve. In the long run, a gain to the FHA is an eventual transfer to other parties, either enabling FHA to insure more loans at the same cost or return excess revenues to the U.S. Treasury.

## Benefits of the Rule

Aside from the economic impacts such as transfers to healthcare facilities, other benefits have been alluded to, such as the benefit to the community of the provision of healthcare services.

### Preventing Hospital Closures

If the closure of a hospital were to occur, the negative economic impacts would be drastic. In addition to providing needed healthcare services, hospitals are among the largest employers in their communities. In the absence of this program, some hospitals saddled with high debt-service payments could default on their debt and experience foreclosure. In such an event, the hospital could be forced to close (unless the holders of the debt had a buyer willing and able to continue hospital operations at the facility, or the city had the means to refinance the hospital).<sup>10</sup> With this program in place, however, some otherwise financially viable hospitals could refinance their high debt-service payments down to a level that would enable them to avoid default and continue to serve their communities.

The benefit, per hospital, is equal to the change in the expected damage from foreclosure, where the change in the expected value is the result of the decline in the probability of foreclosure. Avoided costs would include all transaction costs, time costs, and costs to current patients that must relocate or travel farther for services. FHA's research shows that, of the 19 healthcare facilities in financial difficulties since 1990, only 4 have resulted in a claim. Thus, it would be safe to assume that, of the 8 to 10 hospitals that are expected to apply to the program, a similar proportion (1 to 2) would have gone into claim. It is difficult to quantify the deadweight costs resulting from the foreclosure of a hospital. Similar estimates for residential real estate, which is very different, find the benefit of avoiding a foreclosure to be approximately one-fifth of the value of the loan (McFarlane, 2012).

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<sup>10</sup> As more local governments face budget pressures, rescue by a local government is less likely.

Nonetheless, healthcare facilities are often considered important anchor institutions that produce positive economic externalities for the surrounding community. Thus, if the refinancing program prevents only one of the expected foreclosures, the benefits could be substantial (for example, 20 percent of \$108 million is \$22 million).

## **Capital Markets**

The public injection of liquidity by FHA may contribute in a small way to stimulating the auction-rate securities markets. Classifying this effect is not straightforward, however, because it consists of a variety of effects: redistribution and efficiency gains. A redistribution, or transfer, from lenders to borrowers will occur with the decrease in the real interest rate. Stabilization of the economy is associated with efficiency gains such as the avoidance of the costs of foreclosure and the costs of long-run economic inactivity. The government, by assisting the refinancing of hospital loans, reduces both default and liquidity risk in the U.S. economy.

The public supply of liquidity, when prudently managed, has the potential of raising economic welfare in a number of situations. Most relevant to the collapsed auction-rate securities market is the argument that the provision of public liquidity can “buy the time needed to proceed to an orderly reallocation of liquidity” (Tirole, 2008: 62). Tirole explained that this reallocation is necessary because the asymmetry of information concerning assets increases during recessions. The injection of liquidity will keep markets afloat, preserving asset values. Using this particular policy, FHA reduced the competitors for auction-rate securities financing.

## **Costs of the Rule: Paperwork and Transaction**

Other costs, besides the mortgage insurance premium, are associated with an FHA-insured loan. To apply for insurance of a mortgage, the applicant must include a number of supporting documents: a description of the project; the business plan of the hospital, and how the project will further that plan; a study of market need and financial feasibility; and architectural plans and specifications in sufficient detail to enable a reasonable estimate of cost. The preparation of an application is beyond what is demanded of non-FHA alternatives and so can be regarded as an incremental cost. Highly paid professionals, such as accountants, bankers, and attorneys, are required to invest a substantial amount of effort. In addition, government bureaucrats must carefully review the applications.

Preapplication meetings at HUD typically involve 5 to 10 people representing the lender and the hospital. Preparing the preliminary review submission and preparing for the preapplication meeting require the lender and the hospital’s consultants to travel to and from the hospital. Application development involves considerable time from consultants, who are sometimes in the field for 2 to 3 weeks, plus return trips to present reports. The total cost to the applicant is estimated to be \$879,000.

In an FHA-insured refinancing transaction, some transaction costs are not present in a private-market (uninsured) refinancing. More intense upfront examination of the deal is one of those costs. To what extent the estimated \$879,000 in upfront costs represents an incremental cost over a

noninsured loan is not known with precision, however. Supposing that all these upfront costs are incremental, the increase in the annual capital cost amounts to only a few basis points (an increase from 5.97 to 6.05 percent). The incremental cost is likely to be lower, given that a non-FHA insured lender will also require a significant level of information before lending \$108 million.

## Summary of Regulatory Impact

HUD expects the rule to result in a transfer of \$1.26 million per year per hospital. Among 10 hospitals, the aggregate annual impact is \$12.59 million. A multiyear scenario, in which the number of participants increases to 17, yields an aggregate annualized net saving to hospitals of \$17.63 million by the third year of the program. HUD estimates that this program will raise the net receipts of the federal government by \$79 million (from \$79 million to \$158 million).

Costs of the rule include upfront application costs, which may be as high as \$870,000 per applicant but are likely to be much lower, given that non-FHA-insured lenders impose transaction costs as well. These transaction costs add little to the cost of capital, however, and are more than offset by the lower interest rate obtained through the FHA insurance. HUD does not have enough information to quantify or evaluate the opportunity costs or distortionary effects of the program.

A benefit of reducing the probability of default includes reducing the expected social welfare loss from hospital foreclosures.

## Acknowledgments

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## Author

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## **Industrial Revolution**

Every home makes compromises among different and often competing goals: comfort, convenience, durability, energy consumption, maintenance, construction costs, appearance, strength, community acceptance, and resale value. Often, consumers and developers making the tradeoffs among these goals do so with incomplete information, increasing the risks and slowing the adoption of innovative products and processes. This slow diffusion negatively affects productivity, quality, performance, and value. This department of Cityscape presents, in graphic form, a few promising technological improvements to the U.S. housing stock. If you have an idea for a future department feature, please send your diagram or photograph, along with a few, well-chosen words, to [elizabeth.a.cocke@hud.gov](mailto:elizabeth.a.cocke@hud.gov).

# **Smart-Grid Technologies in Housing**

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## **Abstract**

The implementation of smart grid has led to a number of technologies for the housing industry. Two of these technologies, Advanced Metering Infrastructure and Home Area Networks, have a direct effect on the operations of a home. These technologies have influenced many new products and applications for homes; examples include smart meters, car-charging stations, smart thermostats, renewable-energy installations, and smart appliances.

## The Status Quo

The electrical consumption in a typical American home is growing steadily, mainly because of the adoption of consumer electronic equipment. The U.S. Energy Information Administration forecasts a 30-percent increase in demand for electricity by the year 2030 compared with current demand rates (EIA, 2010). For example, if every home in the United States adopted the use of a digital photo frame, five 250-MW power plants will have to be built to accommodate the demand on the grid (EPRI, 2009).

This increase in electricity demand is making the electric grid more liable to power outages and load variations. The government, utility companies, and several stakeholders have proposed modernizing the electrical grid to make it efficient to meet predicted power demands. This modernized grid is generally termed the *smart grid*. A smart grid can be described as the integration of the electrical grid and the information technology and communication systems so as to be able to monitor and manage the generation, storage, transmission, distribution, and consumption of electricity (Austin Energy, 2010).

As part of the smart-grid upgrades, a number of technologies have emerged. The five major smart-grid technologies responsible for successfully implementing a smart grid follow.

1. Energy storage devices.
2. Advanced superconducting transmission cables.
3. Smart Substations and Smart Transformers.
4. Advanced Metering Infrastructure (AMI).
5. Home Area Networks (HANs).

Two of these technologies, AMI and HANs, have a direct effect on the operations of a home or building, but all the other smart-grid technologies have some level of indirect effect on the housing or communities. An example of the indirect effect is the location and zoning considerations for new transmission lines.

The following sections describe the two smart-grid technologies directly related to housing. These technologies have influenced many new products and applications for homes; for example, smart meters, car-charging stations, smart thermostats, renewable-energy installations, and smart appliances.

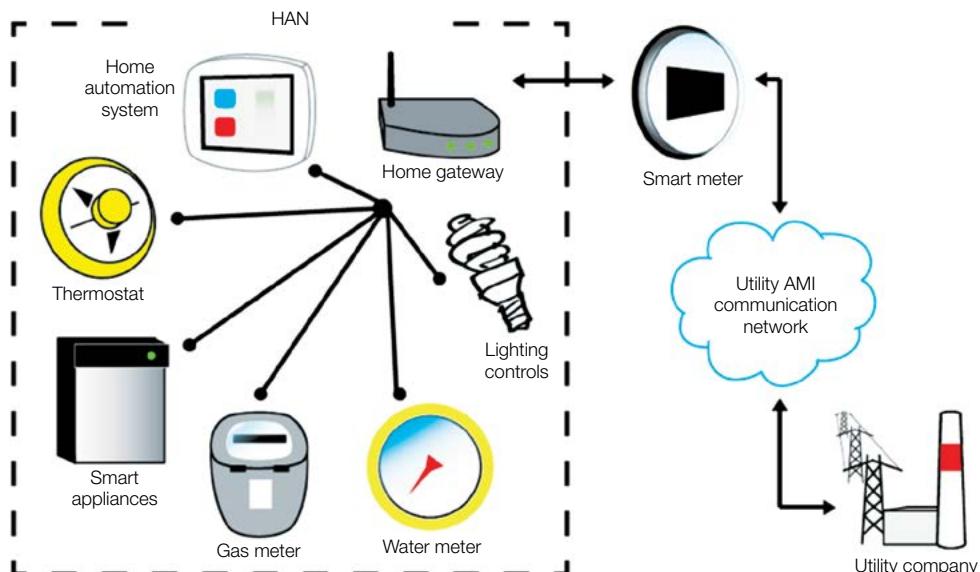
## Advanced Metering Infrastructure

AMI represents fully integrated, two-way communication technologies that will make the grid a dynamic interactive system for power and real-time data exchange (NETL, 2007; Roncero, 2008). A variety of communication technologies is used in today's grid, but most of these technologies lack full high-speed communication integration. To be most effective, the integrated communication protocol will have to achieve universality, integrity, ease of use, cost effectiveness, standards, openness, and security (NETL, 2007). Although no universal standards exist for AMI and demand response, several committees and trade groups are currently collaborating to determine standards for integrated communications systems.

AMI is an integration of several technologies; it consists of three main components (exhibit 1): (1) a smart meter at the customers' location, (2) a communications network between the utility company and the smart meter, and (3) the HAN to connect the house with the smart meter. These components provide the infrastructure to establish the communication between the house and the utility company. This communication can enable consumer-demand response through consumer-level decisions on power supply prices. Utilities can also receive consumer usage data in real time that can enable the utilities to manage electricity demand and supply effectively (EPRI, 2007; Hart, 2008).

### **Exhibit 1**

#### **AMI Including Smart Meter and Link With HAN**



AMI = Advanced Metering Infrastructure. HAN = Home Area Network.

A smart meter is the latest version of electric meter installed at the customers' premises. According to Van Gerwen, Jaarsma, and Wilhite (2006), the meter is deemed "smart" because it enables utility companies to perform three main functions: (1) track the electricity used, (2) remotely control appliances on the HAN, and, therefore, (3) remotely control electricity consumption. This control is especially important in the event of demand exceeding supply, which may threaten the disruption of service.

Smart meters are similar in size and installation features to the existing electric meters. The only visible difference between the two is the digital panel as opposed to the dials and needles (exhibit 2). Therefore, the smart meters can easily be installed by popping out the existing electric meters and popping in the smart meters in the same socket (exhibit 3).

Smart-meter installations are growing at a fast pace nationwide. The Institute for Electrical Efficiency (IEE) found that, as of May 2012, 36 million smart meters have been installed compared with 13 million meters installed as of December 2009. IEE has also projected that approximately 65 million smart meters will be deployed by December 2015 (IEE, 2012).

## Exhibit 2

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Smart Meter (left) and Older Electromechanical Meter (right)

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## Exhibit 3

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Installation of Smart Meters



## **Home Area Networks**

The HAN forms an inhome network of smart appliances, water heater, air-conditioner, cable box, and so on, via a home gateway to link to the smart meter, as shown in exhibit 1 (NETL, 2008). It can also link residential renewable energy-generating sources; a home charging battery to store excess generated energy; an inverter; a programmable communicating thermostat (smart thermostat); various equipment and appliances, including lighting and security systems; and a plugin hybrid or electric vehicle charging station. HANs are commercially available and use existing communication technologies such as WiFi and Bluetooth (EPRI, 2005; Sharma, 2008).

The HAN makes it easy to implement home automation systems and, therefore, makes it possible for the consumer to respond to price signals in the event of dynamic electricity pricing. For example, customers can schedule the dishwasher or the clothes washer to operate at the time of lowest pricing.

Smart appliances are fitted with the grid-friendly appliance controller that can sense grid conditions by monitoring the frequency of the system and can provide automatic demand response in times of disruption. If the imbalance between supply and demand goes unchecked, it can lead to many grid-related problems, even a blackout. In such an event, smart appliances will turn off automatically for a few minutes or even a few seconds to allow for the grid to stabilize. For another example, the utility would be able to adjust the cooling temperature of homes in a neighborhood for a few minutes to manage the peak demand and avoid disruption (PNNL, 2009).

### **Benefits**

AMI technologies will allow for consumer-demand response through consumer-level decisions on power-supply prices. In addition, with fully operational HAN systems, utility companies will receive consumer usage data in real time for managing supply and demand effectively. This access to real-time data will enable the utility company to have a more efficient planning protocol for its generation, transmission, and distribution assets.

### **Availability**

All the technologies described in this article are commercially available. The References section that follows provides additional information for the technologies described.

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## **SpAM**

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# **Changing Geographic Units and the Analytical Consequences: An Example of Simpson's Paradox**

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*The views expressed in this article are those of the author and do not represent the official positions or policies of the Office of Policy Development and Research or the U.S. Department of Housing and Urban Development.*

## **Foreclosures and Crime**

The rapidly degrading housing market of the mid-2000s caused local governments to be concerned about the multitude of problems foreclosures could wreak on their jurisdictions (Wilson and Paulsen, 2008). One concern was the escalation of crime and disorder in neighborhoods with concentrated foreclosures. Several researchers who examined the relationship between foreclosure and crime had conflicting results (Arnio and Baumer, 2012; Arnio, Baumer, and Wolff, 2012; Baumer, Wolff, and Arnio, 2012; Cui, 2010; Ellen, Lacoé, and Sharygin, 2011; Goodstein and Lee, 2010; Immergluck and Smith, 2006; Jones and Pridemore, 2012; Katz, Wallace, and Hedberg, 2011; Kirk and Hyra, 2012; Stucky, Ottensmann, and Payton, 2012; Wallace, Hedberg, and Katz, 2012). The assortment of geographic units used in these studies is extensive, consisting of property locations, block faces, census block groups, census tracts, customized local geographies, grid cells, cities, counties, and metropolitan statistical areas. The variety of factors, constructs, and variables the researchers used in these studies certainly contributed to their conflicting results, but the range of geographies likely played a role in the outcome differences, because the underlying data were aggregated to different geographic scales.

Conflicting results are common in social science research from the use of different geographic units of analysis (Coulton et al., 2001; Hipp, 2007; Macintyre, Ellaway, and Cummins, 2002; Rengert and Lockwood, 2009; Taylor, 2012). None of the cited studies, though, included tests of the foreclosure and crime relationship with multiple geographic units to gauge the effect on results. I illustrate in this article how changing geographic units can produce converse results with an example of foreclosure and crime modeling drawn from Wilson and Behlendorf (2013). I also conduct a spatial analysis to identify which geographic unit is best for modeling foreclosures and crime in the Wilson and Behlendorf (2013) example, using several spatial analysis techniques.

## **Modeling Foreclosures and Neighborhood Crime in Charlotte and Mecklenburg County**

Wilson and Behlendorf (2013) analyzed the relationship between foreclosures and neighborhood crime in the city of Charlotte and Mecklenburg County, North Carolina, with four crime constructs<sup>1</sup> for the years 2006 and 2007. Point-level crime<sup>2</sup> and single-family foreclosure<sup>3</sup> locations were aggregated to census block group and tract geographies to compare results. Several demographic, economic, and environmental variables were included to form a set of explanatory factors (concentrated disadvantage, neighborhood quality, residential stability, and immigration concentration) known to be associated with neighborhood crime. The spatial proximity of other foreclosures and the temporal occurrence of crime were also included as controls to account for concurrent events in nearby places and time that may have an influence on the outcome. A negative binomial regression count model was used:

$$\begin{aligned} \lambda_{\text{crimetyp}} = & \ln(n_{\text{pop-at-risk}}) + \beta_{\text{foreclosure}} x_{\text{foreclosure}} + \sum_{k=0}^k \beta_k x_{ik} [\text{CONCENTRATED DISADVANTAGE}] \\ & + \sum_{k=0}^k \beta_k x_{ik} [\text{NEIGHBORHOOD QUALITY}] + \sum_{k=0}^k \beta_k x_{ik} [\text{RESIDENTIAL INSTABILITY}] \\ & + \sum_{k=0}^k \beta_k x_{ik} [\text{IMMIGRATION CONCENTRATION}] + \sum_{k=0}^k \beta_k x_{ik} [\text{CONTROLS}] \end{aligned} \quad (1)$$

The central finding from Wilson and Behlendorf (2013) was that the rate of foreclosures had a positive and significant association with crime increases in 2006 and 2007, but results differed between geographic units. The full output for the two geographies is shown in exhibits 1 (tracts) and 2 (block groups), but I focus on the residential instability factor and the spatial lag variable for the remainder of this analysis.

<sup>1</sup> Crimes of (1) violence, (2) property, (3) residential burglary, and (4) minor property damage.

<sup>2</sup> Crime data were supplied by the Charlotte-Mecklenburg Police Department; followed the Uniform Crime Report, or UCR, classifications; and were geocoded to the specific street of occurrence.

<sup>3</sup> The Department of Geography and Earth Sciences at the University of North Carolina at Charlotte provided parcel data. I identified foreclosed properties where the title transfer date indicated bank repossession ending in involuntary vacancy.

**Exhibit 1**

Negative Binomial Regression: Crime on Single-Family Foreclosures, Census Tracts, 2006 and 2007 (1 of 2)

	2006				2007			
	Property Crimes	Violent Crimes	Residential Burglary	Minor Property Crimes	Property Crimes	Violent Crimes	Residential Burglary	Minor Property Crimes
<b>Foreclosure rate</b>								
Previous year's foreclosure rate per 100 housing units	0.148 (0.116)	0.161 (0.104)	<b>0.294***</b> (0.108)	0.006 (0.095)	0.145 (0.116)	<b>0.246**</b> (0.099)	<b>0.351***</b> (0.107)	0.118 (0.098)
Interaction between neighborhoods with high disadvantage (+1 sd) and the previous year's foreclosure rate	-0.258 (0.183)	<b>-0.322**</b> (0.155)	-0.321* (0.172)	-0.207 (0.153)	-0.218 (0.148)	<b>-0.274**</b> (0.118)	<b>-0.244*</b> (0.130)	-0.190 (0.120)
<b>Social disorganization</b>								
Concentrated disadvantage	<b>0.293**</b> (0.136)	<b>0.400***</b> (0.121)	<b>0.285**</b> (0.130)	<b>0.410***</b> (0.115)	<b>0.313***</b> (0.120)	<b>0.479***</b> (0.104)	<b>0.244**</b> (0.110)	<b>0.289***</b> (0.106)
Residential stability	-0.137 (0.091)	<b>-0.308***</b> (0.084)	-0.153* (0.080)	-0.113 (0.073)	-0.082 (0.095)	<b>-0.273***</b> (0.079)	-0.080 (0.077)	-0.074 (0.078)
Percent Hispanic	-0.983 (1.206)	-0.005 (1.110)	-1.971* (1.114)	-1.168 (1.025)	-0.084 (1.228)	0.944 (1.144)	-1.325 (1.057)	0.297 (1.070)
Percent foreign born	7.659 (9.866)	-0.298 (8.959)	-0.544 (9.323)	7.770 (8.098)	9.594 (10.190)	1.506 (8.602)	13.654 (9.383)	8.336 (8.656)
<b>Neighborhood construction and quality</b>								
Population density	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Median age of neighborhood	<b>-0.022***</b> (0.005)	<b>-0.014***</b> (0.005)	<b>-0.016***</b> (0.005)	<b>-0.012***</b> (0.004)	<b>-0.021***</b> (0.005)	<b>-0.013***</b> (0.004)	<b>-0.018***</b> (0.004)	<b>-0.013***</b> (0.004)
Percent of neighborhood built after 1999	<b>1.977***</b> (0.507)	<b>1.938***</b> (0.475)	<b>1.418***</b> (0.484)	<b>1.724***</b> (0.415)	<b>1.660***</b> (0.518)	<b>1.772***</b> (0.473)	<b>1.500***</b> (0.454)	<b>1.131</b> (0.458)
Percent of units coded as good or better construction	0.543* (0.329)	-0.256 (0.314)	-0.115 (0.323)	0.397 (0.285)	<b>0.845**</b> (0.343)	-0.000 (0.317)	0.175 (0.326)	<b>0.761**</b> (0.300)

**Exhibit 1**

Negative Binomial Regression: Crime on Single-Family Foreclosures, Census Tracts, 2006 and 2007 (2 of 2)

	2006				2007			
	Property Crimes	Violent Crimes	Residential Burglary	Minor Property Crimes	Property Crimes	Violent Crimes	Residential Burglary	Minor Property Crimes
<b>Other control variables</b>								
Adults-to-children ratio	0.002 (0.002)	-0.001 (0.002)	-0.004 (0.003)	0.002 (0.002)	0.002 (0.002)	0.001 (0.002)	-0.003 (0.003)	0.001 (0.002)
Percent of population that are males ages 14–24	1.402 (1.638)	<b>3.558***</b> (1.563)	0.823 (1.600)	-0.284 (1.414)	1.387 (1.711)	1.153 (1.538)	-0.350 (1.554)	1.857 (1.510)
Percent currently divorced	4.718* (2.441)	<b>8.982***</b> (2.350)	2.848 (2.270)	2.979 (2.046)	<b>5.191**</b> (2.503)	<b>8.701***</b> (2.207)	2.602 (2.179)	<b>5.198***</b> (2.161)
Spatial lag	0.001 (0.001)	0.004 (0.003)	0.003 (0.003)	0.005* (0.003)	0.000 (0.001)	0.004 (0.003)	-0.000 (0.003)	0.004 (0.003)
Two-year crime lag	<b>0.002***</b> (0.000)	<b>0.010***</b> (0.002)	<b>0.008***</b> (0.002)	<b>0.013</b> (0.002)	<b>0.002***</b> (0.000)	<b>0.009***</b> (0.002)	<b>0.011***</b> (0.002)	
_cons	37.753*** (9.354)	19.961** (8.983)	25.664*** (9.286)	<b>18.372**</b> (7.950)	35.925*** (9.611)	19.125** (8.897)	29.729*** (8.651)	18.264** (8.501)
/lnalpha	-0.773*** (0.123)	-1.129*** (0.156)	-0.998*** (0.145)	-1.226*** (0.146)	-0.719*** (0.124)	-1.182*** (0.155)	-1.099*** (0.147)	-1.067*** (0.143)
Number of observations	143	143	143	143	143	143	143	143
Adjusted R <sup>2</sup>	0.070	0.140	0.083	0.097	0.069	0.148	0.086	0.088
Log-likelihood	-917.96	-594.67	-662.69	-665.03	-926.53	-584.05	-657.57	-686.14
aic	1,869.926	1,223.334	1,359.375	1,364.054	1,887.062	1,202.095	1,349.143	1,406.276
bic	1,920.295	1,273.702	1,409.744	1,414.422	1,937.430	1,252.463	1,399.511	1,456.645

aic = Akaike Information Criterion. bic = Bayesian Information Criterion. sd = standard deviation.

\*  $p < .10$ . \*\*  $p < .05$ . \*\*\*  $p < .01$ .

Note: Bold values are the most statistically significant coefficients.

**Exhibit 2**

Negative Binomial Regression: Crime on Single-Family Foreclosures, Block Groups, 2006 and 2007 (1 of 2)

	2006				2007			
	Property Crimes	Violent Crimes	Residential Burglary	Minor Property Crimes	Property Crimes	Violent Crimes	Residential Burglary	Minor Property Crimes
<b>Foreclosure rate</b>								
Previous year's foreclosure rate per 100 housing units	0.073 (0.057)	<b>0.153***</b> (0.051)	<b>0.157***</b> (0.053)	0.049 (0.049)	<b>0.156***</b> (0.055)	<b>0.255***</b> (0.045)	<b>0.259**</b> (0.050)	<b>0.165***</b> (0.047)
Interaction between neighborhoods with high disadvantage (+1 sd) and the previous year's foreclosure rate	-0.183* (0.103)	<b>-0.192***</b> (0.069)	<b>-0.160**</b> (0.075)	-0.103 (0.070)	-0.115 (0.076)	<b>-0.183***</b> (0.058)	-0.128* (0.068)	<b>-0.133**</b> (0.063)
<b>Social disorganization</b>								
Concentrated disadvantage	<b>0.198***</b> (0.069)	<b>0.379***</b> (0.065)	<b>0.202***</b> (0.065)	<b>0.287***</b> (0.060)	<b>0.179***</b> (0.069)	<b>0.443***</b> (0.062)	<b>0.145**</b> (0.066)	<b>0.269***</b> (0.061)
Residential stability	<b>0.203***</b> (0.057)	<b>0.315***</b> (0.052)	<b>0.117**</b> (0.048)	<b>0.162***</b> (0.048)	<b>0.208***</b> (0.059)	<b>0.314***</b> (0.049)	<b>0.114**</b> (0.051)	<b>0.226***</b> (0.049)
Immigration concentration	0.005 (0.053)	0.056 (0.048)	-0.093* (0.049)	0.000 (0.047)	0.047 (0.054)	<b>0.140***</b> (0.045)	-0.070 (0.050)	0.064 (0.047)
<b>Neighborhood construction and quality</b>								
Population density	-0.000* (0.000)	<b>-0.000**</b> (0.000)	0.000* (0.000)	-0.000* (0.000)	<b>-0.000***</b> (0.000)	<b>-0.000***</b> (0.000)	0.000 (0.000)	<b>-0.000***</b> (0.000)
Median age of neighborhood	<b>-0.026***</b> (0.003)	<b>-0.020***</b> (0.003)	<b>-0.017***</b> (0.003)	<b>-0.014***</b> (0.003)	<b>-0.027***</b> (0.003)	<b>-0.021***</b> (0.003)	<b>-0.017***</b> (0.003)	<b>-0.017***</b> (0.003)
Percent of neighborhood built after 1999	<b>2.265***</b> (0.326)	<b>1.681***</b> (0.298)	<b>1.816***</b> (0.303)	<b>1.685***</b> (0.279)	<b>2.151***</b> (0.334)	<b>1.617***</b> (0.290)	<b>1.906***</b> (0.310)	<b>1.342***</b> (0.285)
Percent of units coded as good or better construction	-0.114 (0.178)	<b>-0.926***</b> (0.182)	<b>-0.452**</b> (0.176)	<b>-0.413**</b> (0.166)	0.035 (0.186)	<b>-0.608***</b> (0.179)	-0.263 (0.177)	-0.132 (0.168)

**Exhibit 2**

Negative Binomial Regression: Crime on Single-Family Foreclosures, Block Groups, 2006 and 2007 (2 of 2)

	2006			2007		
	Property Crimes	Violent Crimes	Residential Burglary	Minor Property Crimes	Property Crimes	Violent Crimes
<b>Other control variables</b>						
Adults-to-children ratio	0.001 (0.002)	0.000 (0.002)	-0.003 (0.003)	0.001 (0.002)	0.003 (0.002)	0.002 (0.003)
Percent of population that are males ages 14–24	-0.533 (1.285)	0.968 (1.091)	-0.480 (1.122)	-1.112 (1.072)	-0.876 (1.295)	-1.815* (1.015)
Percent currently divorced	<b>4.345***</b> (1.153)	<b>5.647***</b> (1.085)	<b>1.567</b> (1.119)	<b>3.386***</b> (0.995)	<b>3.754***</b> (1.176)	<b>4.848***</b> (1.024)
Spatial lag	0.001* (0.001)	<b>0.015***</b> (0.004)	<b>0.009**</b> (0.004)	<b>0.011***</b> (0.003)	0.001 (0.001)	<b>0.015***</b> (0.003)
Two-year crime lag	<b>0.004***</b> (0.000)	<b>0.020***</b> (0.002)	<b>0.016***</b> (0.003)	<b>0.018***</b> (0.002)	<b>0.004***</b> (0.001)	<b>0.018***</b> (0.002)
_cons	46.582*** (6.329)	34.037*** (5.806)	27.077*** (6.087)	22.780*** (5.419)	48.807*** (6.276)	35.697*** (5.489)
/lnalpha	-0.518*** (0.077)	-1.022*** (0.108)	-0.837*** (0.095)	-0.959*** (0.096)	-0.475*** (0.077)	-1.155*** (0.114)
Number of observations	372	372	372	372	372	372
Adjusted R <sup>2</sup>	0.067	0.163	0.080	0.094	0.066	0.174
Log-likelihood	-2,046.04	-1,196.89	-1,403.63	-1,404.95	-2,062.29	-1,158.82
aic	4,126.079	2,839.258	2,841.893	4,156.588	2,349.649	2,827.285
bic	4,192.700	2,901.960	2,904.595	4,219.290	2,412.352	2,889.987

aic = Akaike Information Criterion. bic = Bayesian Information Criterion. sd = standard deviation.

\*  $p < .10$ . \*\*  $p < .05$ . \*\*\*  $p < .01$ .

Note: Bold values are the most statistically significant coefficients.

The residential stability coefficients changed dramatically between tracts and block groups. Residential stability represents the level of social connections between neighborhood residents. Stable neighborhoods have a constancy of residents who remain in their homes over long periods of time and they know, trust, like, and communicate with their neighbors. Residential stability degrades when residents leave and new ones move into a neighborhood—that is, turnover—and social bonds are broken. Crime can increase if residential turnover is frequent, because social connections are strained and neighbors do not trust or know each other (Garcia, Taylor, and Lawton, 2007; Shaw and McKay, 1942). The residential stability factor was constructed as a scale centered on 0 and includes the percentage of (1) residents who are 5 years of age and older who lived in the same house 5 years earlier, (2) owner-occupied homes, and (3) single-family and multifamily housing units. The scale was reverse coded to represent instability with positive numbers and stability with negative numbers.

Exhibit 1 shows that residential instability is significantly associated with all crime constructs in both 2006 and 2007 for block groups, but only for violence with tracts (exhibit 2). Not only did the signs change from negative to positive between geographies, but also the coefficients remained statistically significant with large effects. With tracts, the interpretation is that crime decreased as residential instability increased, but, with block groups, the converse was true in that crime increased in less residentially stable neighborhoods; the latter scenario is theoretically expected. This sign switching between geographies is indicative of local spatial patterns being lost with the use of larger geographic units—the significance change of the spatial lag coefficient between the two geographies highlights this point.

The spatial lag variable represents measures of similarity and dissimilarity with nearby geographic units for a foreclosure contagion effect. The significance level of the spatial lag variable means a spatial effect is present in the relationship and should be modeled. Ignoring the spatial effect can bias parameter estimates and significance levels (Anselin et al., 2000), because existence of a spatial effect is an artifact of the measured relationships. The spatial lag coefficient is significant for block groups for most crime constructs across both years, but it is not significant for tracts. Tract results suggest no spatial contagion effect exists for foreclosures in relation to crime. This finding indicates the inability of census tracts to capture an existing spatial relationship between foreclosures and crime.

## Conflicting Results and Simpson's Paradox

Coefficient sign reversals, especially when they remain statistically significant, can indicate model misspecification. Sign reversals can also occur when different geographic units are used, however, because the change alters data distribution patterns. Known as *Simpson's Paradox*, the repartitioning of the underlying data from smaller to larger geographic units can cancel out or reverse patterns in smaller units. The paradox is a consequence of the modifiable areal unit problem (MAUP)<sup>4</sup> in which statistical results are affected by modifications to the geographic unit's boundary size and/or shape. Aggregated data are uniquely partitioned by their geography and, when geographic units are

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<sup>4</sup> For an indepth technical discussion of MAUP, see Openshaw (1994).

changed, the new boundary sizes and shapes are repartitioned. Exhibit 3 depicts how Simpson's Paradox occurs between census block groups and tracts for residential stability and 2006 violent crime counts for Charlotte and Mecklenburg County.

### **Exhibit 3**

Residential Stability and Violent Crime Scatter Plots for Charlotte and Mecklenburg County, (a) Census Block Groups, (b) Census Tracts

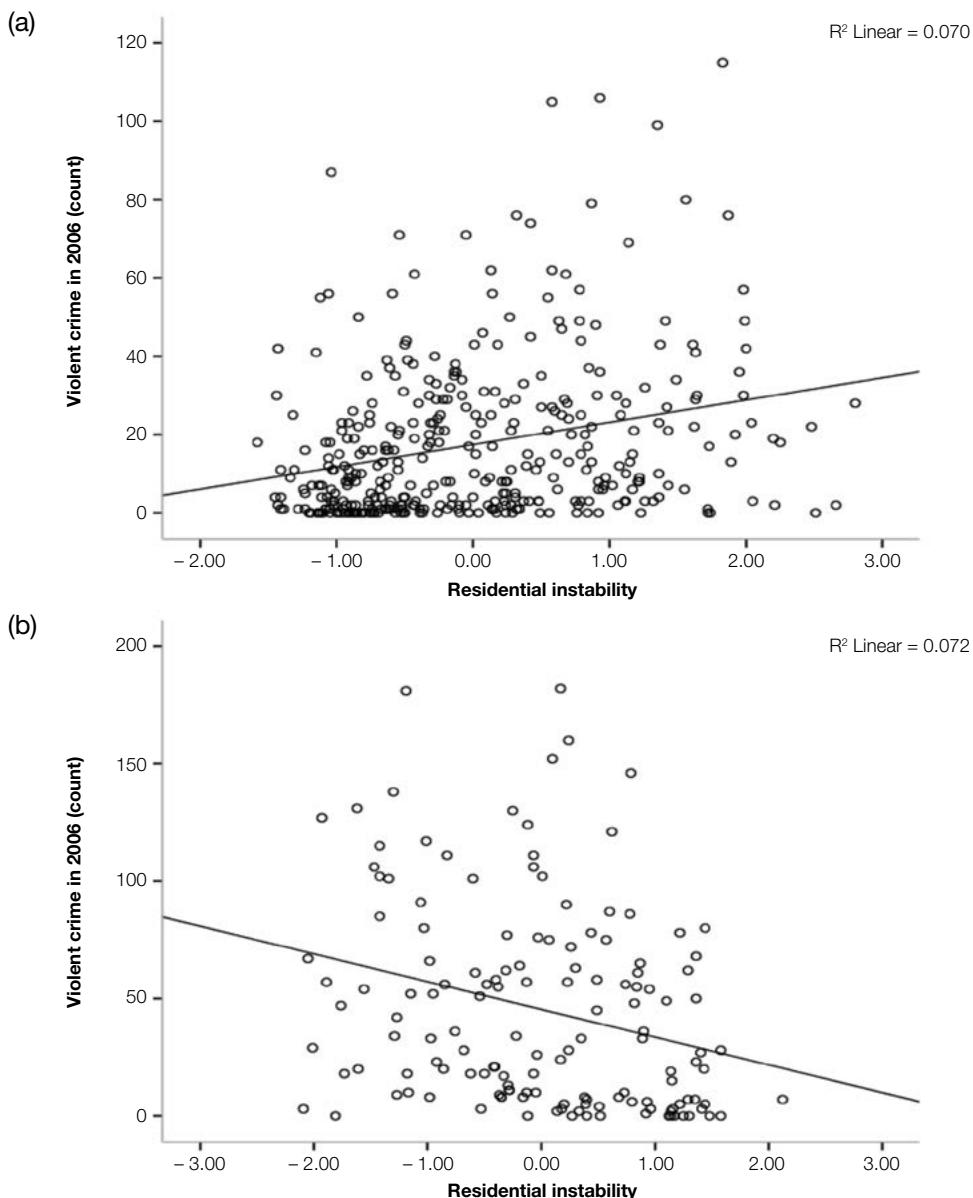


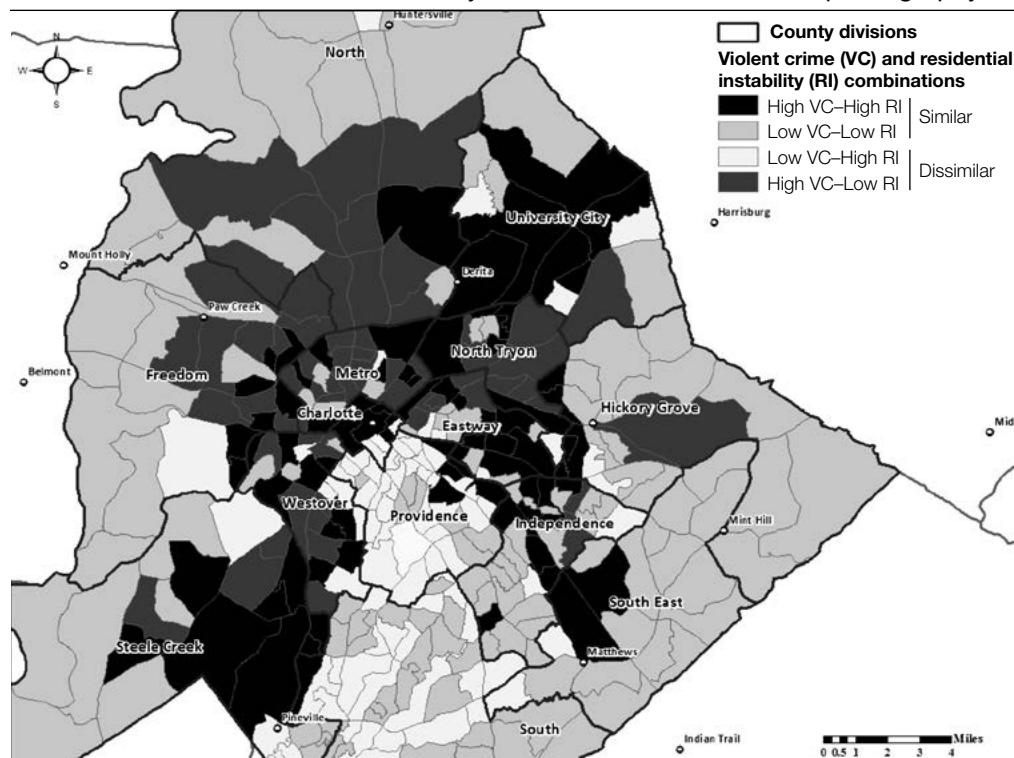
Exhibit 3 shows Simpson's Paradox with the trend lines in the two scatter plots being the inverse of each other with the data clouds practically being mirror images of each other. Exhibit 3a shows the block group data pattern and is interpreted as—when residential instability increases, crime also increases. The opposite pattern occurs for tracts (exhibit 3b) and is interpreted as—when crime decreases, residential instability increases.

To show Simpson's Paradox geographically, I converted the violent crime and residential instability values into z-scores to categorize their relationship as *similar*<sup>5</sup> and *dissimilar*.<sup>6</sup> Exhibits 4 (block groups) and 5 (tracts) exemplify Simpson's Paradox more visually by displaying the similar and dissimilar categories. Stark geographic pattern changes occur for the violent crime and residential instability relationship between the geographic units.

The exhibits show several areas across the county that change from similar levels of violent crime and residential instability to dissimilar levels when switching from block groups to tracts. For example, the Providence and Independence Divisions (patrol divisions of the Charlotte-Mecklenburg Police Department jurisdiction) south of city center, show near complete reversal patterns. The

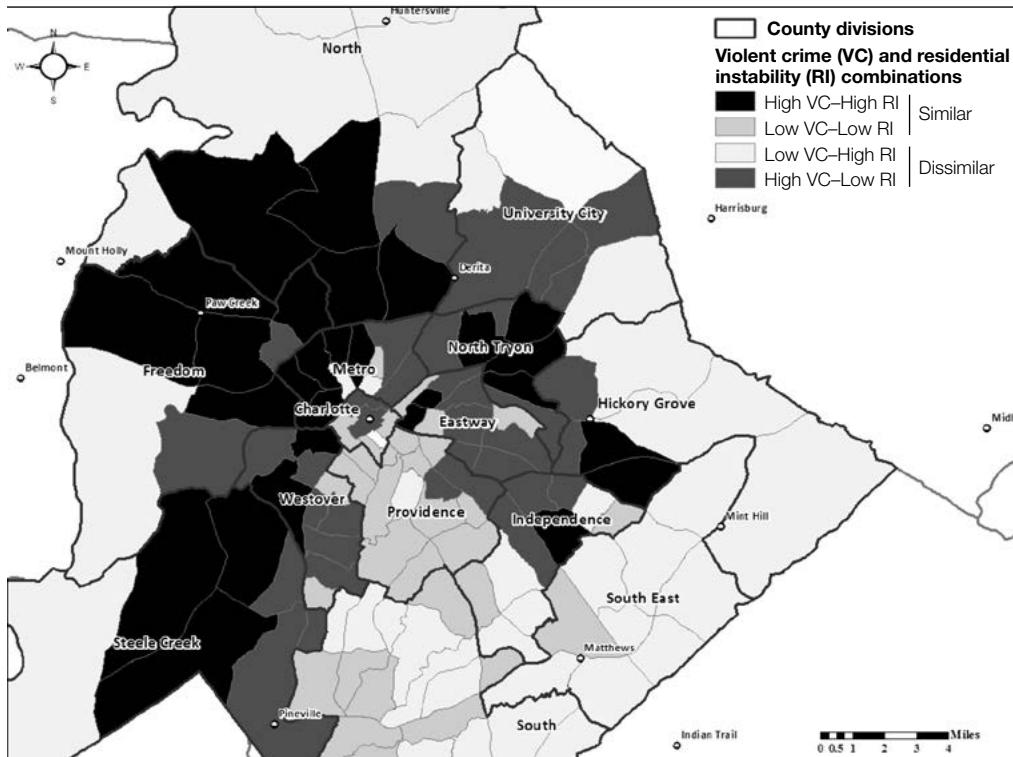
#### Exhibit 4

Violent Crime and Residential Instability Combinations at Block Group Geography



<sup>5</sup> Violent crime and residential instability values both have positive or negative z-scores.

<sup>6</sup> Violent crime and residential instability values have conflicting positive and negative z-scores.

**Exhibit 5****Violent Crime and Residential Instability Combinations at Tract Geography**

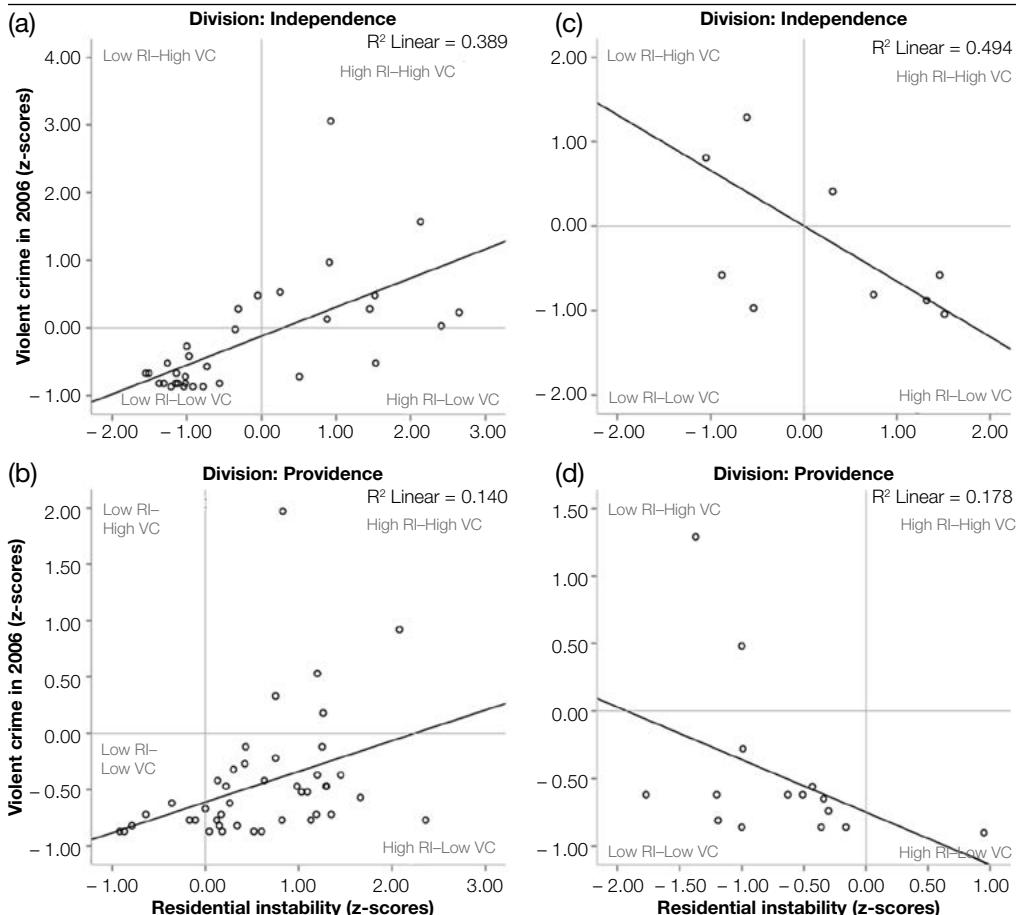
Providence Division primarily contained low levels of violent crime with high residential instability at the block group level, indicating dissimilarity between the two variables. With census tracts, the violent crime and residential instability relationship changed from similarity to dissimilarity. In the Independence Division, the opposite was true, in that a similarity existed between high and low levels of violent crime and residential instability within block groups, but changed to a dissimilar relationship within tracts.

Exhibit 6 shows the violent crime and residential instability scatter plots for the Independence and Providence Divisions. The scatter plots show the same overall trends of violence and residential instability as exhibit 3 shows for the county, but they help explain the pattern changes between exhibits 4 and 5. For example, 30 of the 43 (69 percent) block groups within the Providence Division have high residential instability with low violent crime, but 12 of 15 tracts (80 percent) now have low violence and low residential instability categories. The similarity and dissimilarity categories were altered as the x and y axes in the scatter plots shifted significantly to contain different observations. Exhibits 4 and 5 also show that category changes significantly alter the trends across the county.

Simpson's Paradox prompts a dilemma in deciding which geographic unit to use for further analysis. Theoretical or expected results could guide the selection of geography, but they may not solve

### Exhibit 6

Violent Crime and Residential Instability Scatter Plots for the Independence and Providence Divisions of Charlotte and Mecklenburg County, (a and b) Census Block Groups, (c and d) Census Tracts



RI = residential instability. VC = violent crime.

Note: The upper right quadrant is a similarity between high VC and high RI. The lower left quadrant is a similarity between low VC and low RI. The upper left quadrant is a dissimilarity between low VC and high RI. The lower right quadrant is a dissimilarity between high VC and low RI.

the paradox. In the next section, I demonstrate how to identify which geographic unit is more appropriate for measuring the relationship of foreclosures and crime in Wilson and Behlendorf (2013).

## Examining Local Data To Identify the Spatial Extent of Foreclosures

An important aspect in Wilson and Behlendorf (2013) was the inclusion of the spatial lag (auto-correlation) measure of foreclosures to test for a contagion effect. The spatial lag coefficient in

exhibits 1 and 2 was significant for block groups, but not for tracts. If a spatial contagion effect exists amongst foreclosures, then it is important to identify which geographic unit would best capture the effect, because crimes related to those properties would occur at a similar scale. I used several spatial analysis techniques to measure foreclosure concentration and to determine which geographic unit would be better to model with crime-related factors.

I first conducted a nearest neighbor analysis on foreclosed parcels from 2003 to 2008<sup>7</sup> to obtain the average distance between the properties. The nearest neighbor index was 0.3835 ( $z = -136.92$ ), which indicates a strong clustering pattern. The average distance between foreclosed properties is 264.3 feet, with a standard distance of 374.8 feet. These two results indicate that foreclosures were very close to each other and often on the same or adjacent streets.

Next, to provide a measure of the contagion effect, I conducted a near repeat analysis<sup>8</sup> on foreclosures to identify how far and fast foreclosures were spreading (see exhibit 7). The near repeat

## **Exhibit 7**

### Observed Over Mean Expected Values for Near Repeat Foreclosures

	0 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	More Than 180 Days
<b>Observed over mean expected frequencies table</b>							
Same location	<b>13.69</b>	0.88	0.96	0.83	0.77	0.74	0.56
1 to 660 feet	<b>1.54</b>	<b>1.22</b>	<b>1.29</b>	<b>1.15</b>	<b>1.13</b>	<b>1.16</b>	0.95
661 to 1,320 feet	<b>1.31</b>	<b>1.12</b>	<b>1.12</b>	<b>1.08</b>	<b>1.07</b>	<b>1.08</b>	0.97
1,321 to 1,980 feet	<b>1.04</b>	<b>1.05</b>	<b>1.02</b>	<b>1.05</b>	<b>1.04</b>	1.01	0.99
1,981 to 2,640 feet	0.98	1.00	0.98	<b>1.04</b>	0.98	1.00	1.00
2,641 to 3,300 feet	<b>1.02</b>	<b>1.03</b>	1.00	<b>1.06</b>	1.01	<b>1.05</b>	0.99
3,301 to 3,960 feet	1.00	<b>1.04</b>	1.02	1.01	<b>1.10</b>	<b>1.05</b>	0.99
3,961 to 4,620 feet	1.01	<b>1.03</b>	1.02	<b>1.03</b>	<b>1.02</b>	<b>1.05</b>	0.99
4,621 to 5,280 feet	1.02	<b>1.02</b>	1.01	<b>1.04</b>	1.02	1.02	1.00
More than 5,280 feet	1.00	1.00	1.00	1.00	1.00	1.00	<b>1.00</b>
<b>Statistical significance table</b>							
Same location	<b>0.05</b>	0.95	0.85	1.00	1.00	1.00	1.00
1 to 660 feet	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	1.00
661 to 1,320 feet	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	1.00
1,321 to 1,980 feet	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	0.25	1.00
1,981 to 2,640 feet	0.85	0.60	0.85	<b>0.05</b>	0.90	0.55	0.30
2,641 to 3,300 feet	<b>0.05</b>	<b>0.05</b>	0.45	<b>0.05</b>	0.30	<b>0.05</b>	1.00
3,301 to 3,960 feet	0.45	<b>0.05</b>	0.10	0.45	<b>0.05</b>	<b>0.05</b>	1.00
3,961 to 4,620 feet	0.20	<b>0.05</b>	0.15	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	1.00
4,621 to 5,280 feet	0.25	<b>0.05</b>	0.20	<b>0.05</b>	0.15	0.20	1.00
More than 5,280 feet	1.00	1.00	1.00	1.00	1.00	1.00	<b>0.05</b>

Note: Bold values are statistically significant at the  $p \leq .01$  level.

<sup>7</sup> I used date ranges beyond our focus years to ensure capture of the long-term distribution patterns and reduce the likelihood of any anomalous cluster patterns that might have occurred at the peak of the housing crisis.

<sup>8</sup> The concept of near repeats extends to housing research because several documented problems—such as voucher relocations, property-code violations, price shocks, or foreclosures—have been shown to have patterns of spatial and temporal proximity. The theoretical underpinnings of near repeat research in criminology are geographic in nature, rooted in the first law of geography (Miller, 2004) that everything is related, but closer things are more related because they share common characteristics. I used the near repeat calculator, which can be found at <http://www.temple.edu/cj/misc/nr/>.

concept posits that events geographically concentrate by spreading from one location to another in a systematic manner. The near repeat analysis shows that properties within short distance intervals—up to 1,320 feet (0.25 miles)—are likely to go into foreclosure within 90 days. These results support the nearest neighbor analysis results in that foreclosures are occurring at the street block level.

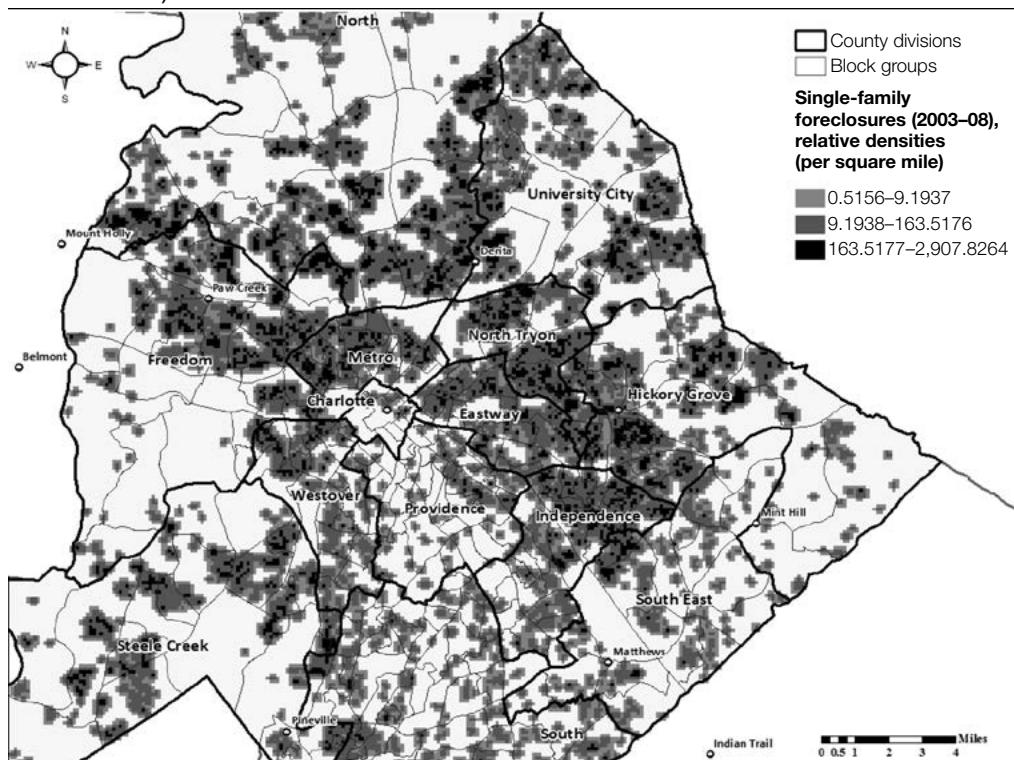
Finally, I conducted a kernel density estimation (KDE) analysis to visualize the foreclosure cluster patterns across Charlotte and Mecklenburg County.<sup>9</sup> I overlaid the block group boundaries with the KDE output surface to examine how well foreclosure clusters aligned with the geographic units. Exhibit 8 shows foreclosed properties are highly concentrated within and across the block groups and that even units as small as block groups can still be too large and mask or dissect true local patterns. Nevertheless, the block groups generally capture the spatial extents of foreclosure concentration better than tracts.

The spatial analysis results show foreclosures to be highly concentrated at the micro scale and a contagion effect is more accurately measured with the block group geography.

### **Exhibit 8**

---

Single-Family Foreclosure Relative Densities, 2003 to 2008 (geometrical interval classification)



<sup>9</sup> I used parameters from a distance analysis that revealed that 8 miles is the threshold at which clustering of foreclosures dissipated. I used a negative exponential function to model the distribution, because construction patterns often have houses that are tightly grouped within small neighborhoods. I used the geometric interval classification scheme to thematically map the density patterns to reveal the core areas of the clusters.

## Analytical and Policy Considerations

The examples and results in this article demonstrate the impact Simpson's Paradox has on analysis. My analysis revealed that using a geographic unit larger than a block group in Wilson and Behlendorf (2013) would have compromised the analysis. My findings substantiate the concerns of several authors from the cited research who acknowledged that their results could change using smaller geographic units. Baumer, Wolff, and Arnio (2012), for example, thought that results from using large geographic units were speculative about local conditions and suggested more detailed analyses be conducted within cities. In another example, Kirk and Hyra (2012) recognized that increased crime from foreclosures might exhibit stronger relationships in select neighborhoods because of localized effects. Simpson's Paradox can be mitigated through a number of methods to meet these concerns, such as data normalization, transformation (Wilson, 2011), or optimization (Mu and Wang, 2008), as long as the data are reliable (Sperling, 2012). When these methods cannot be employed, however, identifying the geography that captures an existing spatial effect is the best approach.

The policy consequences of Simpson's Paradox are equally as important. Urban policy often targets places, and as such, the spatial extent of those policies should match the geographic coverage area of the problem to be effective in mitigation. Using the wrong geographic unit could lead to policies that do not fully address the problem. In Wilson and Behlendorf (2013) the use of census tracts would have led to a conclusion of no spatial contagion between foreclosures and that any crime associated with those properties also did not spread into adjacent neighborhoods. The tract model results, then, might have prompted the formulation of ineffective, or less than optimal, policy in containing the spread of foreclosures and any associated crime.

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# Calls for Papers

## **Form Follows Families: The Evolution of U.S. Affordable Housing Design and Construction** (Summer 2014 issue of *Cityscape*)

The design, construction, and physical maintenance of U.S. low-income housing—both assisted and market-rate inventories—have undergone both remarkable innovation and astounding decay during the past century. If well designed, constructed, and maintained, affordable housing is a vital economic and social asset. If not, it is a symbol of modern urban blight, a contributor to precarious living situations, and a symptom of bureaucratic inefficiency and market disregard. The new and existing housing stock occupied by low-income Americans are mirrors of our policy and our markets. Past historical surveys of America housing have shed light on how the bricks and mortar of our nation's housing are inscribed with social, economic, and political meaning. This symposium seeks submissions that broaden this field by applying historical or social-science analysis to the form, materials, means, and methods of low-income housing. In this symposium we will be equally interested in both the market-rate housing stock occupied by low-income households and the assisted housing stock. The topics of interest are wide and include, but are not limited to, (1) gender, race, or physical mobility and housing design; (2) municipal “incivilities” ordinances and building codes; (3) measures of inadequate or distressed housing; (4) vernacular design and occupant preferences; and (5) homebuyer and occupant maintenance and repair behaviors. Submit proposals via [cityscape@hud.gov](mailto:cityscape@hud.gov); full drafts are expected by November 30, 2013.

## **Inclusion and Exclusion in American Neighborhoods** (Fall 2014 issue of *Cityscape*)

The articles in this symposium may be either theoretical or empirical, and they may use either qualitative or quantitative methods. Among the topics of interest are (1) ethnographic examinations of mixed-race and mixed-income communities, particularly focusing on how different strategies and contexts facilitate racial and economic integration; (2) analyses of local government policies that advance or hinder the development of mixed-race and mixed-income communities; and (3) analyses of how specific programs (either mobility programs or place-based investment programs) advance the development of mixed-race and mixed-income communities. If interested in submitting an article or serving as a peer reviewer, contact Paul Joice ([paul.a.joice@hud.gov](mailto:paul.a.joice@hud.gov)) or Meena Bavan ([meena.s.bavan@hud.gov](mailto:meena.s.bavan@hud.gov)) by October 1, 2013. Individuals invited to submit articles must provide a full draft by February 1, 2014.



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# Contents

## Symposium

### Mixed Messages on Mixed Incomes

Guest Editors: James C. Fraser, Deirdre Oakley, and Diane K. Levy

Guest Editors' Introduction: Policy Assumptions and Lived Realities of Mixed-Income Housing on Both Sides of the Atlantic ..... 1

Mixed-Income Living: Anticipated and Realized Benefits for Low-Income Households

by Diane K. Levy, Zach McDade, and Kassie Bertumen ..... 15

Ethnically Diverse HOPE VI Redevelopments: A Community Case Study From the Pacific

Northwest by JoDee Keller, Janice Laakso, Christine Stevens, and Cathy Tashiro ..... 29

Mixed-Tenure Orthodoxy: Practitioner Reflections on Policy Effects by Ade Kearns,

Martin McKee, Elena Sautkina, George Weeks, and Lyndal Bond ..... 47

### Commentaries

On Spatial Solutions to Social Problems by James DeFilippis ..... 69

Mixing Policies: Expectations and Achievements by Hilary Silver ..... 73

Making Mixed-Income Neighborhoods Work for Low-Income Households

by James C. Fraser, Robert J. Chaskin, and Joshua Theodore Bazuin ..... 83

Lessons Learned From the Largest Tenure-Mix Operation in the World: Right to Buy in the

United Kingdom by Reinout Kleinhans and Maarten van Ham ..... 101

### Commentaries

Housing Policy Possibilities in the Prison of Property Relations: A Commentary

by Katherine Hankins ..... 119

Mixed-Income Housing: Where Have We Been and Where Do We Go From Here?

by Derek Hyra ..... 123

Examining Mobility Outcomes in the Housing Choice Voucher Program: Neighborhood

Poverty, Employment, and Public School Quality by Victoria Basolo ..... 135

Mobility Decisions of Very Low-Income Households by Kimberly Skobba and

Edward G. Goetz ..... 155

"It was really hard. .... It was alright. .... It was easy." Public Housing Relocation Experiences

and Destination Satisfaction in Atlanta by Deirdre Oakley, Erin Ruel, and Lesley Reid ..... 173

### Commentaries

Market-Driven Public Housing Reforms: Inadequacy for Poverty Alleviation by Amy T. Khare ..... 193

False Assumptions About Poverty Dispersal Policies by Rachel Garshick Kleit ..... 205

Acknowledging the Structural Features of Choice by Sudhir Venkatesh ..... 211

Cityscape Mixed-Income Symposium Summary and Response: Implications for Antipoverty

Policy by Mark L. Joseph ..... 215

### Point of Contention: Homeownership and Child Well-Being

Do Kids of Homeowners Do Better Than Kids of Renters? by Richard K. Green ..... 223

The Relationship of Homeownership, House Prices, and Child Well-Being by Donald Haurin ..... 227

The Evidence Does Not Show That Homeownership Benefits Children by David R. Barker ..... 231

Looking Back To Move Forward in Homeownership Research by Sandra J. Newman and

C. Scott Holupka ..... 235

### Departments

**Policy Briefs** The Federal Housing Administration and Long-Term Affordable Homeownership Programs by Edwin Stromberg and Brian Stromberg ..... 247

**Data Shop** New Data on Local Vacant Property Registration Ordinances by Yun Sang Lee, Patrick Terranova, and Dan Immergluck ..... 259

**Graphic Detail** Visualizing Same-Sex Couple Household Data With Linked Micromaps by Brent D. Mast ..... 267

**Impact** Refinancing Hospital Loans by Alastair McFarlane ..... 273

**Industrial Revolution** Smart-Grid Technologies in Housing by M.G. Matt Syal and Kweku Ofei-Amoh ..... 283

**SpAM** Changing Geographic Units and the Analytical Consequences: An Example of Simpson's Paradox by Ron Wilson ..... 289

**Calls for Papers** ..... 305

**Referees 2012–13** ..... 307



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VOLUME 15, NUMBER 2 • 2013