

Affordable Housing in New Urbanist Communities: A Survey of Developers

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Abstract

Despite the unequivocal goal of income diversity as expressed in the Charter of the Congress for the New Urbanism, one of the more significant challenges facing the movement has been the creation of socially diverse neighborhoods, especially ones that include a mix of incomes. Although recent reports show that most New Urbanist developments are being built for upper-middle-class residents, some projects have managed to support income diversity. This article takes a closer look at those projects, reporting on the results of a nationwide survey of New Urbanist developers.

We found that many developers have used complex, creative schemes to make affordable housing possible within the New Urbanist context. Developers created affordable opportunities by combining available government programs, partnerships with nonprofits, and innovative design solutions. These efforts have provided important sources of affordable housing within the context of walkable communities—serving as examples that should be emulated by future developers.

Keywords: Affordability; Low-income housing; New Urbanism

Introduction

Within neighborhoods, a broad range of housing types and price levels can bring people of diverse ages, races and incomes into daily interaction, strengthening the personal and civic bonds essential to an authentic community.

*Charter for the New Urbanism, Principle XIII
Congress for the New Urbanism (CNU)¹ 2000, 77*

¹ CNU is a 2,000-member nonprofit organization founded in 1993.

Like so many city planning schemes of the 20th century, New Urbanism struggles to meet its objectives. In addition to the difficulties associated with calls for light rail, regional planning, and neighborhood-scale retail, one of the more significant challenges has been the ability to create socially diverse neighborhoods—in particular, ones that include a mix of incomes. Despite the unequivocal goal of income diversity as expressed in the *Charter for the New Urbanism*, Principle XIII (CNU 2000), New Urbanist development as currently practiced is not typically affordable for households at the lower end of the income spectrum (CNU 2007). While existing surveys of affordability in New Urbanist developments are still preliminary, numerous anecdotal accounts (e.g., Kelly 2006), together with solid empirical evidence that these developments can command higher prices than traditional suburban developments in comparable locations (Leinberger 2008; Tu and Eppli 2001), indicate that the movement is mostly building for upper-middle-class residents.

Some New Urbanist projects have managed to include units that are affordable to lower-income households, however.² While their developers may have been required to do so by local government, they often have creatively used some combination of public subsidies, incentives, or non-profit sector support. This article reports the results of a nationwide survey of New Urbanist developers, focusing on those that have been able to incorporate, through a variety of means, a broad range of affordability into their projects. Our aim is to learn from the experiences of these developers and to offer some practical information on how New Urbanist communities have been able to include an affordable housing component in the hopes that such practices will be replicated.

Conceptual background: Affordability in New Urbanism

When it comes to considering the context of affordable housing, New Urbanists have a unique perspective that goes well beyond the simple provision of low-income housing as a discrete commodity. In New Urbanism, affordable housing is seen within the context of neighborhood design, where pedestrianism, the provision of public space, and walkable access to services become an essential part of the affordability equation. New Urbanism's emphasis on creating mixed-income environments elevates the principle of urbanism, in which diversity is an essential quality (Bohl 2000). There are

²Housing that is affordable is defined by the U.S. Department of Housing and Urban Development (2001a, 2001b) as requiring no more than 30 percent of a household's income in the form of rent or a mortgage payment.

few other settings in which small apartments, town houses, and granny flats affordable to those with moderate or low incomes can be seamlessly incorporated into a community of market-rate single-family houses. Further, the opportunity for residents to carry out daily activities, such as shopping or going to school, without needing a car may make life more affordable and accessible for low-income families. Most important, there is increasing evidence that embedding low-income housing in mixed-income communities can result in improved living environments and access to opportunities for low-income households (Briggs 1998; Keels et al. 2005; Sampson, Morenoff, and Gannon-Rowley 2002).

However, internally, New Urbanists are unclear about what they should be doing to further the objective of social diversity. While diversity is generally thought to be a key ingredient of successful urbanism, there is no agreement on how it should be accomplished, what form it should take, or how far New Urbanists should go to promote it. The debate centers on the degree to which diversity is defined as a near-term goal requiring public intervention or whether the building of good urban form is enough to produce diverse urban environments in the long run.

There is increasing recognition within the organization that expanding the range of affordability in New Urbanism cannot be achieved by design alone, but rather requires a better marriage between policy and design (Deitrick and Ellis 2001). For example, a conference at Seaside, FL, in 2000 brought together a variety of policy and design experts to discuss the implementation of mixed-income housing (Langdon and Bodzin 2000). Housing advocates generally agree that there is a need to integrate “people-focused and place-focused strategies” (Blackwell and Bell 2005, 291), rather than simply using one or the other. Those working to provide affordable housing, such as many community development corporations, recognize the importance of context and now aim to produce a large number of affordable housing units while simultaneously focusing on strategies devoted to building community, delivering social services, and generally acting as agents of social renewal (Briggs, Mueller, and Sullivan 1997; see also Harmon, 2003, 2004; Karlinsky 2000).

New Urbanists are well positioned to embrace policy directives that increase the number of low-income, affordable units in their developments. Many New Urbanists are focused on counteracting regulations that decrease overall affordability: very low density limits, exclusionary zoning, overbearing subdivision controls, excessive impact fees, and burdensome, outdated codes of all types as identified in the U.S. Department of Housing and Urban Development (HUD) report titled *Why Not in Our Community? Removing Barriers to Affordable Housing* (Galster et al. 2003).

The affordable housing crisis that exists in many parts of the country is fueling the debate over the issue of affordability in New Urbanist developments. In 2005, there were 17 million families in the United States with “severe” housing cost burdens, meaning that they spend more than 50 percent of their income on housing (Joint Center for Housing Studies 2007). Further, the 2005 *Out of Reach* report by the National Low Income Housing Coalition showed that 81 percent of all renter households in this country are located in housing markets where minimum-wage earners would have to work 80 hours a week to afford a two-bedroom apartment at the local fair market rent. Middle-income households are increasingly facing housing expense pressures as well: 42 percent of the 2005 increase in severe cost burdens occurred among households in the middle two income quartiles (Joint Center for Housing Studies 2007).

Despite the opportunities and the need, affordable housing still appears to be only a small part of New Urbanism. Critics have lamented the failure of the founders of New Urbanism to be more proactive on the affordability issue at the outset (see especially Pyatok 2002). However, New Urbanist developers contend that affordability is a casualty of various forces beyond their control, such as the financing challenges their complex projects commonly face (Gyourko and Rybczynski 2000), market dynamics, soaring construction costs, community resistance to affordable housing, and diminishing sources of public subsidy. Few published project descriptions mention housing for low- or even moderate-income households, and many articles emphasize that New Urbanist developers can charge a premium for houses in their amenity-laden communities (Eppli and Tu 1999).

The lack of affordability in New Urbanist developments is a missed opportunity. Delivering affordable units within the context of walkable, mixed-income, quality environments is a critical objective that should be pursued from multiple directions. New Urbanism promised to be a movement that would address concentrated poverty by leveraging innovation in community design to create broader acceptance of social diversity. Developments that aspire to be faithful to the ideas of New Urbanism and not just its aesthetic should be broadly inclusionary.

Given that the rhetoric of New Urbanism positions it as a movement at the forefront of providing housing options for all income levels, it is particularly relevant to consider more explicitly the New Urbanist experience with affordable housing thus far. There are valuable lessons to be learned from the experience of developers that have created mixed-income housing in the context of walkable, pedestrian-oriented neighborhoods.

Study objectives

The objective of our research is to better understand the integration of affordable housing in New Urbanist projects from the developer's point of view. Specifically, we are interested in the *what* and the *how* of affordability in New Urbanism. Our research questions were twofold:

1. To what degree is affordable housing included in New Urbanist developments?
2. Through what means do developers include affordable housing in their New Urbanist developments (which mechanisms, tools, or incentives are making affordability possible in developments that would otherwise tend to be higher priced)?

Methodology

Our approach was to mail a self-administered survey to all New Urbanist developers in the United States. Our first task, then, was to construct a survey population—a list of New Urbanist projects and associated developers to complete the survey. This was not a straightforward task, because there is no official definition or list of New Urbanist developments. In addition, many developments use the label “New Urbanist” or “Traditional Neighborhood” without adhering to many of the basic principles of the *Charter* (CNU 2000).

Fortunately, there are several ongoing attempts to keep track of New Urbanist projects. We consulted two well-known sources—a list maintained by CNU (2008), and one maintained by the *New Urban News* (2008), an independent monthly newsletter. Each of these lists has limitations. Developments are self-selected for inclusion on the CNU list; this means that it is likely to be incomplete. Also, those on the list adhere to New Urbanist principles to varying degrees. The *New Urban News* list, while more complete, includes only projects larger than 15 acres and thus excludes many urban infill projects that would be important to this study.

To supplement these two lists, we conducted Web-based searches to locate additional projects that qualified as New Urbanist on the basis of the following criteria: The projects had to include a mix of uses with at least residential and retail or commercial, include a mix of unit types, have a pedestrian orientation, have permanent residential units (not be a dedicated resort community), and be located in the United States.

Using these criteria, our final list consisted of 304 projects located in 35 states and ranging from small urban infill sites to large suburban greenfield developments. In 2002, we sent surveys to the 220 developers that were still

in business and whose address we could find. Out of this set, we received 84 responses, for an overall response rate of 38 percent.

The survey is shown in the appendix. Because our primary focus was on affordable housing in New Urbanist communities, most of the questions addressed developers of projects that included units affordable to moderate-, low-, or very low income households, as defined by HUD (2001a). These definitions are based on the relationship between a household's income and the area median income (AMI). Specifically, moderate-income households earn between 80 and 120 percent of the median income for their area, low-income households earn between 50 and 80 percent of the median, and very low income households earn between 30 and 50 percent of the median (HUD 2001a, 2001b). Given the self-administered nature of the survey, it was left to the discretion of the respondent to gauge whether units qualified as affordable under one of the HUD categories. However, to better understand the context of the projects surveyed, we collected data on the AMI for each project's location.

We chose to include survey questions about moderate-income affordable housing for several reasons. First, as noted earlier, there is a substantial need for housing in this price range across the country (Joint Center for Housing Studies 2007). Second, because most New Urbanist projects are priced at above-market rates (Tu and Eppli 2001), even the inclusion of moderate-income affordable units often represents a conscious effort on the part of the developer to increase diversity and inclusiveness. The methods these developers used are worth noting and possibly replicating. Finally, by asking for information on moderate-income units, we likely increased the number of respondents and subsequently furthered our objective of gathering project-specific information.

The survey asked how many units in the development were affordable and at what level, and whether they were rentals or ownership units. The rest of the survey asked developers about the mechanisms they used to ensure affordability, the associated services and programs they offered, and the roles played by government and nonprofits.

Respondent characteristics

To gauge how representative the respondents' projects were, we compared them with our identified population of 304 New Urbanist projects along several dimensions (table 1). The communities in this study encompass a wide range of geographic locations, sizes, and income profiles similar to those of the New Urbanist projects overall.

Table 1. Comparison between the Study Population and the Survey Respondents

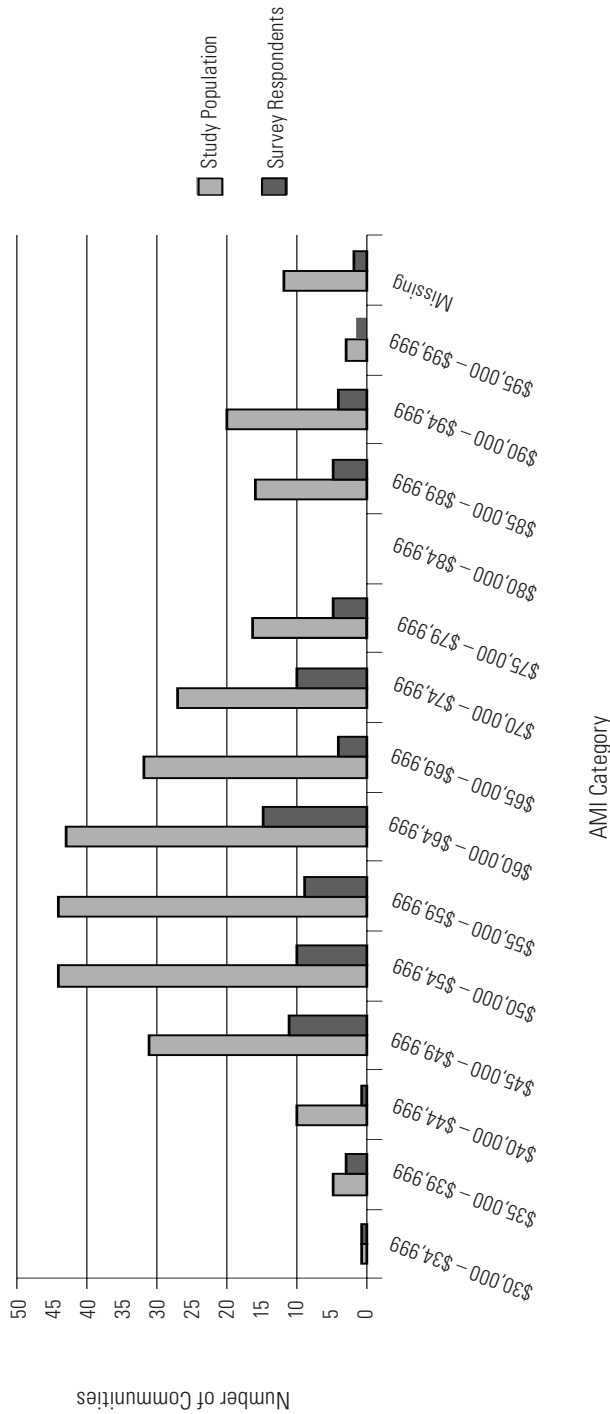
	Study Population	Survey Respondents
Number of states	35	31
Most represented states	NC, FL, CA	NC, FL, CA
Number of project units	5 to 13,000	5 to 12,000
Mean number of project units	1,117	915
Median number of project units	438	424
AMI	\$64,100	\$62,100
Development site type		
Greenfield/Exurban	44.4%	42.2%
Urban infill	30.8%	32.5%
Suburban infill	20.5%	20.5%
Transit oriented	4.3%	4.8%

Although we initially identified developments in 35 states, developers from 31 states responded to the survey. States with the most respondents were North Carolina (11), Florida (8), and California (8); these also were the states most represented in the initial population. As shown in table 1, the distribution of the types of development sites—exurban, suburban, urban, or transit oriented—is comparable between the population of projects and the respondent projects as well.

We next compared the unit characteristics of the respondents' projects with those of the population as a whole (table 1). The distribution of the survey respondents generally reflected that of the initial population. For example, the number of housing units in the project population ranged from 5 to 13,000, and the number of units in the respondents' projects ranged from 5 to 12,000. The mean and median numbers of project units for the complete list were 1,117 and 438, respectively, while among the respondents the mean and median were 915 and 424, respectively.

The AMI profiles of the population of New Urbanist communities and the respondents' projects were also similar (figure 1). The AMI was only slightly higher (\$64,100) for the population than for the respondents (\$62,100). Finally, the table shows that most developments were greenfield/exurban, followed by urban infill, suburban infill, and transit-oriented projects. There was little difference between the development site types for the respondents for all locations.

Figure 1. Distribution of New Urbanist Communities by AMI: Study Population and Survey Respondents



Results

What projects included affordable housing and why (or why not)?

A majority of the survey respondents, 55.6 percent, reported that they included some moderate-, low-, or very low income affordable housing in their projects, while 44.4 percent did not. However, there are two caveats to this somewhat unexpected result. First, examining the unit distribution of the developments that included any level of affordable housing reveals that the actual number of units that were provided was small. The communities described by the developers that responded to the survey contained a total of 72,465 units; of these, 21,125, or 29 percent, were affordable.

Second, most of the affordable units were for moderate-income residents (table 2). Moderate-income units were included in 22 communities and comprised 61 percent of the affordable units in the survey, or about 17.8 percent of the total units. The median number of moderate-income units included in a development was 125. Low-income affordable units were found in more communities (31), but had a slightly lower median count of 100 units. They made up about 6.8 percent of the total units in the survey, and 23.3 percent of the affordable units. Housing affordable to households with very low incomes was found in 22 developments, with a median of 94.5 units in each. These units comprised about 4.6 percent of the total housing stock in the survey and about 15.7 percent of the affordable units.

The inclusion of affordable units corresponded to some degree with the respondent's perception of the local need for affordable housing. Figure 2 shows that while the perceived need was somewhat ambiguous for those developers that did not include affordable housing in their projects (responses were almost evenly distributed between "low," "moderate," and "serious"), the need was clearly seen as serious by those developers that did. For the respondents as a whole, 48.1 percent described the need for affordable housing in their area as serious, 34.2 percent called it moderate, and only 17.7 percent responded that the need was low.

We wondered whether the AMI influenced the inclusion of affordable housing—whether projects in areas with higher median incomes had a greater likelihood that affordable housing would be provided. Table 3 is a cross-tabulation between AMI range and the developers' perception of the need for affordable housing. It shows a relatively strong association: A perception that the need for affordable housing was serious was associated with a higher AMI. In the low AMI range, the perception of the need for affordable housing was likely to be moderate. These relationships are consistent with the cost of living in these areas.

Table 2. Distribution of Affordable Housing Units

	Very Low Income Units	Low-Income Units	Moderate-Income Units
Number of communities	22	31	22
Percentage of total units in the development	4.6%	6.8%	17.8%
Percentage of all affordable units	15.7%	23.3%	61%
Median number of affordable units	94.5	100	125

However, table 4, which shows a cross-tabulation between AMI and the actual provision of affordable housing, indicates that the AMI distribution of projects with an affordable component is not statistically significant: Affordable housing was just as likely to be included in areas with lower AMIs as higher ones.

This relationship between the inclusion of affordable housing and AMI is shown graphically in figure 3. On the one hand, one explanation for the generally even distribution may be that in lower-income areas, market-rate housing tends to be less expensive, so developers do not perceive a strong need to designate housing as affordable. On the other hand, in higher-income areas, affordable housing may still command a high price. Such housing can be constructed at a profit and still be considered affordable, in relative terms, for many households, especially those with moderate incomes.

Respondents whose projects did include very low, low-, and moderate-income affordable units cited a number of reasons, which are listed in table 5. The respondents were allowed to select more than one answer. The table shows that 78.6 percent of the developers included affordable housing units to fill a community need and 26.2 percent cited a financial incentive for doing so. Significantly, 47.6 percent included affordable units because they were required to do so by their local government. More than a third of the respondents, 35.7 percent, listed other reasons as well, including the following:

1. They wanted to gain political support for the project.
2. They wanted to combat gentrification.
3. It was part of their corporate mission.
4. They believed that the best communities include a mix of incomes and uses.
5. They simply wanted to include a wider demographic in their community.

Figure 2. Perceived Need for Affordable Housing

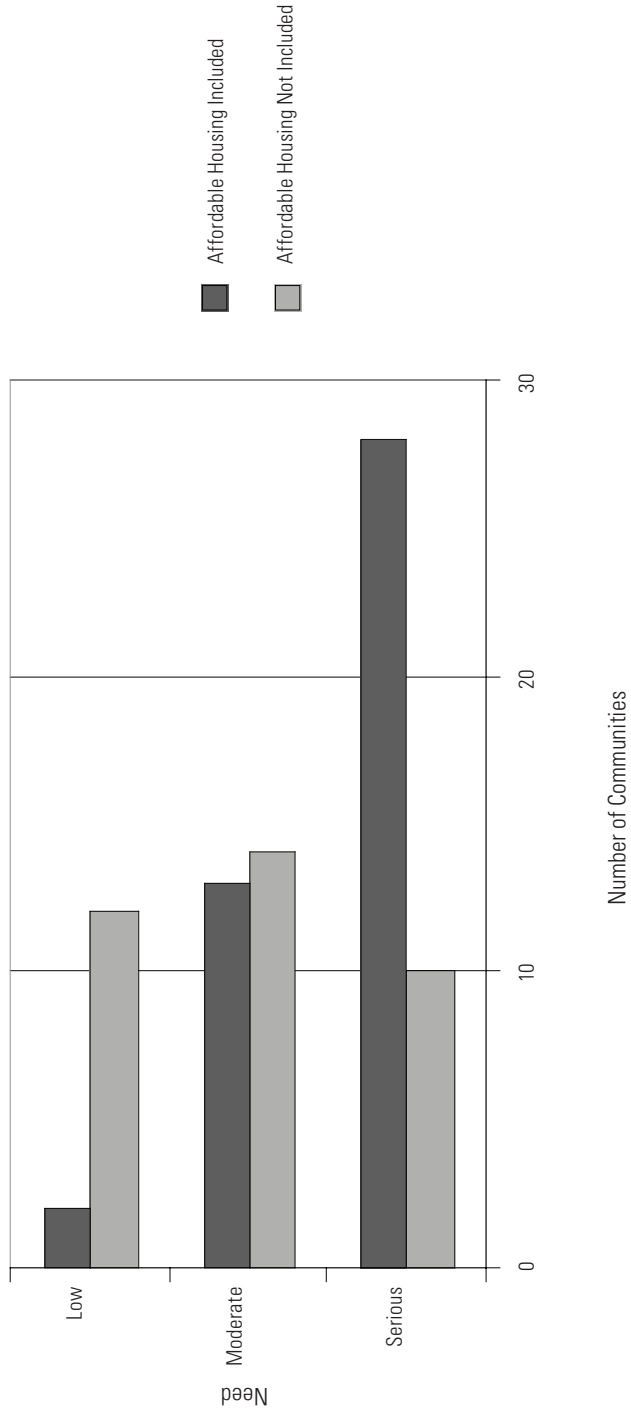


Table 3. AMI Range and Perceived Need for Affordable Housing

AMI Range		Perceived Need for Affordable Housing			Total
		Serious	Moderate	Low	
Under \$50,000	Number of projects	4	11	1	16
	Percentage of projects	11.11	40.74	7.14	20.78
\$50,000 to \$65,000	Number of projects	9	8	7	24
	Percentage of projects	25.00	29.63	50.00	31.17
\$65,100 to \$80,000	Number of projects	12	6	5	23
	Percentage of projects	33.33	22.22	35.71	29.87
Over \$80,000	Number of projects	11	2	1	14
	Percentage of projects	30.56	7.41	7.14	18.18
Total	Number of projects	36	27	14	77

Note: Totals may not equal 100 percent because of rounding. Pearson χ^2 (6) = 16.6297, p = 0.011; likelihood ratio χ^2 (6) = 16.3356, p = 0.012; Kendall's τ - b = -0.2270, asymptotic standard error = 0.087.

Table 4. AMI Range and Affordable Housing Provision

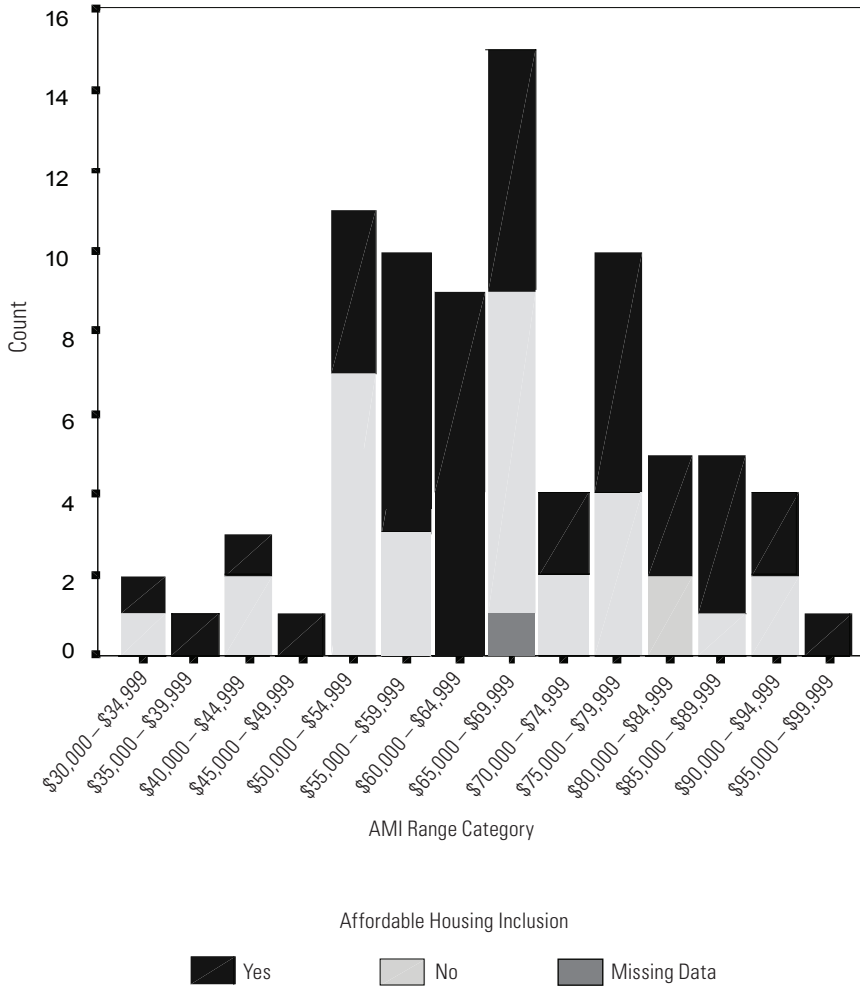
AMI Range		Affordable Housing		
		Included	Not Included	Total
Under \$50,000	Number of projects	8	8	16
	Percentage of projects	18.60	22.86	20.51
\$50,000 to \$65,000	Number of projects	11	13	24
	Percentage of projects	25.58	37.14	30.77
\$65,100 to \$80,000	Number of projects	14	9	23
	Percentage of projects	34.88	25.71	30.77
Over \$80,000	Number of projects	9	5	14
	Percentage of projects	20.93	14.29	17.95
Total	Number of projects	42	35	77

Note: Totals may not equal 100 percent because of rounding. Pearson χ^2 (3) = 2.0102, p = 0.570; likelihood ratio χ^2 (3) = 2.0199, p = 0.568; Kendall's τ - b = 0.1242, asymptotic standard error = 0.102.

Table 5. Why Affordable Housing Was Included

	Number of Responses	Percentage of Responses
Financial reasons	11	26.2
Requirement	21	47.6
Community need	33	78.6
Other	16	35.7

Figure 3. Affordable Housing Inclusion by AMI



Fifteen of the responding developers described communities that offered for-sale units affordable to low-income households; four offered units for purchase by households with very low incomes. Moderate-income units were available for sale in all but four of the communities in which this income range was accommodated.

Finally, the survey addressed the 44 percent of the respondents that had excluded any level of affordable housing from their developments. These developers were asked to indicate the reasons for the omission (table 6) and could select more than one answer. The most common response was the subjective “it was an inappropriate mix” in the development (57.9 percent), and the second most frequent response was that the “project requirements were prohibitively expensive” (42.1 percent). This response may overlap with the less cited “affordable housing could not bring enough profit” answer (21.1 percent).

The other reasons listed by developers included excessive impact fees, a limited ability to make the architectural modifications needed for cost-effectiveness, the inflexibility of government programs, and the ability to pay cash to local governments in lieu of providing housing units. However, the most commonly mentioned additional reason New Urbanist developers did not include affordable housing was that they believed their area already had a disproportionate share of affordable housing or already had below-average housing prices.

With the goal of increasing affordable housing in these communities in the future, developers were asked what types of incentives, if any, would encourage them to do so. Respondents were split on this question. More than half, 52.6 percent, stated that no incentive would be sufficient for them to make their communities more inclusionary. However, 47.4 percent acknowledged that the right incentive could result in the incorporation of affordable housing in their future New Urbanist projects. The incentives listed were mostly forms of financial assistance, such as land contribution, tax abatement, waiver of fees, the ability to underwrite the value of their land, density credit, and money for infrastructure. Nonfinancial incentives included the streamlining of the development process, help with understanding the affordable housing development process, and help with combating NIMBY (“not in my backyard”) forces.

Table 6. Why Affordable Housing Was Not Included

Reason	Number of Responses	Percentage of Responses
Inappropriate mix	22	57.9
Project too expensive	16	42.1
Not profitable	8	21.1
NIMBY ("not in my backyard")	7	18.4
No government assistance	5	13.2
No demand	3	7.9
Too service intensive	0	0
Other	12	31.6

How is affordability accomplished?

The second main research objective of our survey was to determine the most effective and/or common programs/tools/incentives that developers of New Urbanist communities can use to facilitate some inclusion of affordable housing.

A complex and vast variety of programs and partnerships are often used to structure the financial package for any type of development, especially those that include affordable housing. The survey asked developers that did include very low, low-, and/or moderate-income affordable units about any federal, state, local, and nonprofit programs or partnerships they used. The majority (71.4 percent) stated that a federal government program played a role in their project. Similarly, 73.8 percent indicated that a state or local government program had played a role in enabling or requiring them to include affordable housing units in their development. A smaller, but still significant percentage (64.3 percent) noted that one or more nonprofits contributed to the development of their community. Most projects incorporated more than one program. Of those developers citing the use of a federal program, all used at least one other state or local program as well.

The federal resources that were the most significant for these developers are listed in table 7 and include the Low-Income Housing Tax Credit program (LIHTC, 52.4 percent), the Community Development Block Grant program (CDBG, 35.7 percent), the HOPE VI program (28.6 percent), and HOME funds (26.2 percent). About 21 percent of the respondents also used other federal programs, including HUD low-interest financing, Section 108/Economic Development Initiative National Homeownership Zone, private acuity bonds, tax-exempt bonds, and the Federal Home Loan Bank Affordable Housing Program.

Table 7. Federal Programs, State/Local Programs, and Nonprofit Roles Used in the Provision of Affordable Housing

Programs/Roles	Number of Responses	Percentage of Responses
Federal		
LIHTC	22	52.4
CDBG	15	35.7
HOPE VI	12	28.6
HOME	11	26.2
Other	9	21.0
State/Local		
Infrastructure	15	35.7
First-time home buyers	10	23.8
Tax set-aside	8	19.0
Rent subsidy	7	16.7
Impact fee reduction	7	16.7
Expedited permitting	6	14.3
Tax credit points	6	14.3
Other	12	28.6
Nonprofit Roles		
Design	18	42.9
Consensus building	15	35.7
Funds	14	33.3
Information	13	31.0
Rent subsidies	7	16.7
Other	7	16.7

State and local programs, also shown in table 7, were critical for facilitating affordability in these developments as well. Generally, their role included improving profitability (zoning or density bonuses), reducing costs (lower impact fees, building code amendments, expedited permitting), increasing affordability for residents (first-time home-buyer programs, rent subsidies), and providing direct funds (housing trust funds, tax revenue set-aside funds, tax credits). The most frequently used programs were infrastructure contributions (35.7 percent) and first-time home-buyer programs (23.8 percent). Other contributions by state and local government included state affordable housing funds, land purchase grants, parking reductions, below-market construction financing, affordable housing tax-exempt bonds, general obligation bonds, tax increment financing, community development action grants, state housing finance agency mortgage revenue bonds, state energy loan funds, property tax abatement, and soft second mortgages on tax-credit units.

Many developers (64.3 percent) indicated that nonprofits played a role in making affordable housing possible in their communities. The main catego-

ries of these contributions are listed in table 7. It is difficult to ascertain the real impact of these relationships; some may be token partnerships required to obtain government funding, while others may be significant financial or service partnerships. Nonetheless, it appears that nonprofits played several roles in the development of these communities, including design and planning (42.9 percent), consensus building (35.7 percent), additional sources of funding (33.3 percent), information about housing needs (31 percent), and rental subsidies (16.7 percent). Further, in four cases, a nonprofit acted as master developer for the entire site or the portion of it dedicated to affordable housing.

In addition to using government programs and partnering with nonprofits, a majority of developers (74.4 percent) reported increasing the affordability of their units by making architectural adjustments or modifying the site development. The architectural/site modifications fell into four categories:

1. Size adjustments (reduced square footage; omission of basements, parking areas, and garages; small lots)
2. Quality of materials (lower-quality interior finishes and amenities, such as ceiling fans instead of central air conditioning, vinyl flooring instead of tile)
3. Lower energy or maintenance costs (environmental sustainability in design and materials or low-maintenance building materials)
4. Inclusion of accessory units that could be used to generate rental income

Notably, however, few of the developers made any exterior distinctions between their market-rate and below-market rate units, which is consistent with the common practice in the history of American urban planning (Talen 2005).

We next probed whether the inclusion of affordable units prompted developers to provide additional services within developments. New Urbanist communities are defined in part by their inclusion of nonresidential uses, considered to be essential to walkable, pedestrian-focused neighborhoods. While New Urbanist developers can choose to include any of a wide variety of nonresidential uses, we were interested in learning to what degree developers included (or excluded) certain uses because of the presence of affordable units (and thus lower-income households). We found that nearly half of the developers (47.5 percent) specifically included certain amenities and services because of these households. Among them were child-related services (child care, Head Start, playground), services related to professional growth or

community management (on-site management, community center, community programs, computer center, home-buyer education, career development center), and services for satisfying daily needs (bus service, laundry, warehouse grocery, community garden, reduced rents for retail and art space).

The affordable units provided by developers can make a real impact on the national affordable housing deficit only if there are policies in place to ensure that they remain permanently affordable. A total of 81 percent of the respondents that had included affordable units also included mechanisms for maintaining long-term affordability in their financial plans. Approximately half (53 percent) of these developments had long-term deed restrictions (ranging from 15 to 55 years) on their affordable units; these restrictions were enforced by LIHTC rules or other financial or municipal agreements.

Respondents also reported that a variety of price restrictions served as mechanisms for long-term affordability (e.g., rental rates indexed to the cost of living, regulatory agreements with resale recapture provisions for 30 years, limited home appreciation, requirements that future buyers must income-qualify, and controlled rental rates indexed to household income). A total of 18 percent of respondents relied on some involvement by the nonprofit sector for long-term affordability (nonprofit ownership, development, or management; a nonprofit-held long-term lease on the lot; nonprofit housing or land trust involvement; or the right of first offer for the county or the nonprofit to repurchase the unit).

Discussion

Our first research objective was to gain some insight into the amount of affordable housing being included in New Urbanist communities. Despite evidence that these developments can command higher prices than comparably located conventional projects (Eppli and Tu 1999), more than half of the developments in our survey included some affordable units. While the overall characteristics of those developments were similar to those of the population of New Urbanist communities, it is possible that our respondents included more affordable housing developers than the complete list of projects would have elicited. One factor that may have influenced this result was the cover letter, which stressed that the project was searching for information about affordable housing and thus may have influenced respondent self-selection.

Further, the inclusion of moderate-income units in the discussion of affordability likely increased the percentage of units that were included. In several cases, market-rate housing was identified as moderate-income affordable housing and did not require any special financing scheme or subsidy.

While this potential oversampling of affordable housing providers yielded useful information about their methods, more studies are needed before any conclusions can be drawn about actual nationwide rates of affordability in New Urbanism.

Another important influence on the reported percentage of affordable units was the inclusion of HOPE VI projects. Introduced by HUD in 1992, the HOPE VI program initially sought to redevelop a few of the most distressed public housing projects in the country (Kleit 2005; Wexler 2001). As of 2006, HUD had spent approximately \$5.76 billion in 122 cities to tear down 235 low-income public housing projects and rebuild them with a combination of public and private funds as mixed-income developments (HUD 2006). Many were constructed using New Urbanist principles. Of the 3,318 very low income units included in the projects in our survey, 2,389, or 72 percent, were in HOPE VI projects. Similarly, 44 percent of the 3,938 low-income affordable units in our survey were in HOPE VI developments as well.

Understanding the importance of the HOPE VI program to affordability in New Urbanism contributes to our second research objective of learning about the tools developers used to make affordability possible. Not surprisingly, the overwhelming majority of New Urbanist developers that included affordable housing in their projects did so by using some kind of government program. An obvious conclusion is that to achieve mixed-income New Urbanism (and mixed-income development more generally), it is critical for federal, state, and municipal governments to continue providing a broad range of incentives for including affordable units.

Federal involvement is particularly critical for maintaining long-term affordability in mixed-income settings. However, federal government support for affordable housing has been decreasing steadily; federal housing assistance dropped from 10.2 percent of nondefense spending in 1998 to 7.7 percent in 2006 (Joint Center for Housing Studies 2007). Because more than 70 percent of the affordable housing providers in our survey made significant use of federal tools, it is likely that this reduction, if left unchecked, will decrease the number of developments that can include and maintain affordable housing in the future.

It appears that state and municipal government policies are at the crux of the affordability question. Their combination of “carrot and stick” approaches can be very effective in producing affordable units. Nearly three-quarters of the respondents that built affordable units used state or local programs to do so; perhaps just as important, nearly half were *required* to do so. At the same time, however, many of the developers that did not build

affordable units blamed local government regulations for creating prohibitive expenses. Moreover, approximately half of these developers noted that local financial incentives or regulatory changes could encourage them to include affordable units in the future. Whether local impediments to affordability are rooted in exclusionary motives or are inadvertent, changing them can be a way to achieve balanced development as well as the diversity goals of New Urbanism.

An additional consideration specific to New Urbanism is that non-financial mixed-income development incentives also can serve to further broaden its planning goals. Because New Urbanism is based on the notion that diversity is essential to good urbanism and fosters creativity, tolerance, and human exchange (Florida 2002; Jacobs 1961), incentives that promote neighborhood-scale social diversity are likely to be viewed as central to the New Urbanist movement. In addition, earning a density credit in exchange for including affordable units can facilitate objectives such as pedestrian orientation, transit access, and human-scaled outdoor spaces. Similarly, the opportunity to enjoy a streamlined development process as a reward for building affordable housing may be particularly attractive to New Urbanist developers, whose mixed-use, unconventional site plans often face many approval hurdles.

Clearly, the tools, programs, and incentives that can facilitate a range of housing price levels in well-planned communities are now a significant part of the repertoire of many New Urbanist developers. However, little research has documented their experiences or attempted to quantify the level of affordable housing activity taking place in New Urbanist contexts. Further, the rarity of the discussion of affordable housing in the New Urbanist literature limits the dissemination of innovative approaches and the establishment of best practices. Finally, some prominent New Urbanists continue to argue that a private sector approach alone will result in mixed-income communities.³

There are some proactive steps that the New Urbanist community—and specifically CNU—might be able to take to encourage more affordable housing in developments that claim to adhere to the Charter. One option would be to institute development standards or a certification system that insists on inclusion of affordable units for a project to be allowed to call itself New Urbanist. Neither of these currently exists. An indirect strategy would be to conduct more aggressive educational outreach that provides the kind of

³This view has been expressed in public lectures by Andrés Duany, for example, who maintains that time will eventually render New Urbanist communities diverse.

information developers need to include below-market-rate units. This education should include not only information about available government programs and creative financing schemes, but inclusive design strategies as well. The most common reason developers cited for not including affordable housing was that “it was an inappropriate mix” for the project, and this could be largely a design issue. The ability to mix unit types by creatively designing for integration is a cornerstone of New Urbanism.

One of the main tenets is, in fact, that a well-designed public realm will provide a supportive context for a mix of housing and will thus foster a renewed interest in the integration of housing types. People will, in effect, become less fearful of social mix and even begin to welcome the physical and social diversity that economic integration contributes to their community. CNU should be especially interested in trying to encourage such innovation and making sure that developers know about effective strategies to accomplish it.

The need for better educational outreach is also indicated by the survey responses of the developers that did not include affordable units: Approximately half of them indicated that there was no incentive package that would encourage them to do so in the future. Some of these respondents must feel that their New Urbanist products are not the right setting for inclusionary housing. Proponents of New Urbanism should work to change this perspective by strengthening the definition specifically to include truly mixed-income housing that spans a broad demographic. Further, more New Urbanist literature should highlight positive, successful examples of profitable inclusionary housing developments and work toward increasing the repertoire of creative solutions available to developers of New Urbanist communities.

This study suggests that many developers have used complex, creative schemes to make affordable housing possible within the New Urbanist context. Whether or not it was a requirement of their municipality, developers created affordable opportunities by combining available government programs, partnerships with nonprofits, and innovative designs. These efforts have provided an important source of affordable housing and created communities that reflect the heterogeneous spirit of New Urbanism; these examples should be emulated by future developers.

Conclusion

Since this survey was conducted, the number of New Urbanist developments in the United States has grown. The *New Urban News* now estimates that there are in excess of 450 New Urbanist projects in various phases of

development in this country (Steuteville 2007). Given the results of our survey, as well as the internal survey work reported on CNU's Web site (2007), it is likely that the question of whether these projects will be mixed income will rest on the ability of New Urbanists to use a wide variety of government and nonprofit sector programs. With the reduction of the federal role in affordable housing, New Urbanist reliance on federal programs such as HOPE VI will likely need to be revised to include more local government and nonprofit sector subsidies. Indeed, local housing affordability programs, particularly inclusionary zoning strategies, are growing across the country (Rusk 2006).

To maximize the integration between housing programs in the government or nonprofit sectors and New Urbanist developments, proponents need to be fully engaged with available affordable housing advocates, strategies, and funding sources. Although they do not need to reinvent the wheel on affordable housing strategies, they do need to reach out to make maximal use of the programs and strategies that exist outside the private sector. The results of our survey indicate that there is reason to believe that many New Urbanist developers are likely to be open to partnering with nonprofits and/or taking advantage of various government subsidies, but they may lack insight into how to develop the necessary partnerships. Admittedly, financing for mixed-income communities often is extremely complex, with developers having to piece together funding from a long list of sources. It may be of great benefit, then, for CNU to facilitate the coming together of New Urbanist-oriented developers with the connections and resources that make inclusionary projects feasible. Recently CNU started an Affordability Initiative intended to help foster these linkages (CNU 2007); this positive development will, however, require ongoing support.

More in-depth research is needed to investigate the New Urbanist projects that have been most successful in combining programs to produce stable, mixed-income communities. It will be necessary to collect information on current mixed-income New Urbanist projects and learn in greater detail how they are structured financially, which subsidies they have made most use of, with whom they have partnered (e.g., community development corporations, land trusts), and how (and whether) things might have been done differently.

It will also be critically important to make this information widely known. It might be useful to publish a tool kit specifically geared to the New Urbanist development community. In addition, CNU could showcase mixed-income projects that seem to be particularly replicable by bestowing a special award, for example. Hosting a series of workshops on mixed-income finance or on

ways of partnering with local nonprofits like community land trusts could also be pursued. The fact that a relatively large percentage of the developers responding to our study made the effort to include even a small number of affordable units supports cautious optimism about the future of affordability in New Urbanism. Further, the presence of a national, nonprofit organization devoted to maintaining the bona fide principles of New Urbanism within developments creates opportunities to expand these efforts. This rests, however, on the degree to which New Urbanist developers and CNU are united on the necessity of building inclusive, mixed-income developments.

Governments at all levels should recognize that New Urbanist projects can be an important source of affordable housing. Policies that facilitate such development patterns as well as the inclusion of affordable units through financial and nonfinancial incentives can have synergistic, long-term benefits for communities and households across the income spectrum.

Appendix

Mixed-Income Development Survey

The following questions pertain to ____[project]____. Please answer each question with as much specificity as possible. Thank you very much for your help.

1. How many housing units (total) were included in ____[project]__?
2. How close is the nearest transit stop from the center of _____ [project] _____ ?
_____ min. walk
3. How would you categorize the need for affordable housing in _____[city]_____?

Serious Moderate Low

4. Does ____[project]_____ include units affordable to moderate or low income households?

no → *please skip to question #19*

yes → *please answer the following questions:*

5. How many of the total units in ____[project]_____ are affordable to low-income and/or moderate-income households?

_____ # very low-income (*30-50% of Area Median Income*)

_____ # low-income (*50-80% of Area Median Income*)

_____ # moderate-income (*80-120% of Area Median Income*)

6. How many of the affordable units are rental and for-sale units?

Very low-income units: _____ # rental units

_____ # sale units

Low-income units: _____ # rental units
 _____ # sale units

Moderate-income units: _____ # rental units
 _____ # sale units

7. Why did you include affordable housing in this community? (Please check all that apply.)
- required by local government
 - to fill a need in the community
 - financial incentives (please explain):
 - other (please specify):
8. What architectural decisions, if any, were made to lower the cost of the affordable units? (*Consider infrastructure, floor plans, finishes, amenities, etc.*)
9. What mechanisms, if any, are in place to ensure continued affordability of units?
10. What roles, if any, did government organizations play in making these units affordable? (*Please check all that apply.*)
- Federal Government
- Low-Income Housing Tax Credits
 - HOPE VI funds
 - HOME funds
 - CDBG funds
 - Enterprise Community/Empowerment Zone
 - USDA [U.S. Department of Agriculture]/Rural Housing Service Section 502 direct loans
 - other (please specify):
- State/Local Government
- First-time homebuyer program
 - Rent subsidies
 - Zoning bonuses/amendments
 - Density bonuses
 - Reduced impact fees
 - Building code amendments

- Housing trust fund
 - Tax revenue set-aside funds
 - Expedited permitting
 - Infrastructure contribution
 - Inclusionary zoning legislation (mandatory affordable housing set-aside)
 - Fair Share legislation
 - Tax credit point system
 - other (please specify):
11. What roles, if any, did non-profit organizations play in making these units affordable? (Please check all that apply.)
- participation in design and planning
 - community consensus building
 - provision of information about affordable housing needs
 - rental subsidies
 - brought in additional funding sources
 - none
 - other (please specify):
12. What are the names of the key non-profit or community-based organizations, if any, which participated in _____ [project] _____ ?
13. What services, programs, or retailers, if any, were included in _____ [project] _____ especially because of the presence of low- or moderate-income households?
14. What services, amenities, or retailers, if any, were excluded from _____ [project] _____ especially because of the presence of low- or moderate income households?
15. Did the affordable units sell/rent at a different pace than the other units in _____ [project] _____?
- Much Faster Faster Same Slower Much Slower

16. Do you plan to include affordable housing in future New Urbanist projects? Why or why not?
17. What lessons have you learned from the development of _____ [project] _____?
18. Do you have any advice for other developers who are trying to include affordable housing in their New Urbanist projects?

If you answered no to question 4, please answer the following questions:

19. Why was affordable housing not included in _____ [project] _____?
(Please check all that apply.)
- lack of market demand
 - neighborhood opposition
 - government assistance unavailable
 - too service-intensive
 - it was an inappropriate mix in this project
 - project requirements were prohibitively expensive
 - affordable housing could not bring enough profit
 - other (please specify):
20. What, if any, program or contribution from government or non-profit organizations would be an incentive for you to include affordable housing in a future New Urbanist project?
- _____
- _____
- _____

For all respondents:

21. Is there anything you would like to add?

Please provide the number of units, base price, and square footage for each housing type (i.e., single family, townhouse, etc.) included in _____ [project] _____. [Please feel free to attach relevant documents.]

Unit Type	Number of Units	Square Footage	Base Price or Monthly Rent
Apartments			
model A			
model B			
model C			
Townhouses			
model A			
model B			
model C			
Carriage Houses			
model A			
model B			
model C			
Granny Flats			
model A			
model B			
model C			
Single Family Homes			
model A			
model B			
model C			
model D			
model E			
Other House Types			

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