

Emerging Strategies for Revitalizing Public Housing Communities

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Abstract

This article provides a practitioner's view of proposals and efforts to revitalize the most distressed housing communities under the Urban Revitalization Demonstration (URD) program. While data suggest that most public housing is in good physical condition, recent trends toward increasingly impoverished resident populations suggest that tinkering with the public housing program by changing occupancy policies or creating new, small-scale initiatives will not lead to long-term sustainability of communities.

The article reviews recent public housing history and the efforts of the National Commission on Severely Distressed Public Housing to assess the root causes of distress and identify solutions. URD plans in Seattle and Indianapolis are used to illustrate the range of flexible intervention strategies for revitalizing public housing communities. Since little research exists to indicate which combination of approaches ensures the long-term sustainability of revitalized communities or mixed-income developments, more evaluation of URD efforts is necessary.

Keywords: Public housing; Policy; Revitalization

Introduction

Recurring themes in public housing revitalization under the Urban Revitalization Demonstration (URD) program of the U.S. Department of Housing and Urban Development (HUD) include integrating the public housing development into the surrounding neighborhood, income mixing, promoting family self-sufficiency through comprehensive support services, and leveraging federal funds to stimulate neighborhood redevelopment. The unique flexibility of the URD program, along with the increasing deregulation of the public housing program overall, requires public housing authorities (PHAs) to develop their own local programs based on identified needs and opportunities. There is no industry standard to guide income-mixing policies, so PHAs are developing their own development-specific strategies based on resident demographics, local housing market forces, site location issues, and financial feasibility. Little definitive research exists to

indicate which approaches, and in which combination, will ensure the long-term sustainability of these revitalized communities. This article reviews what little research there is, examines emerging practitioner experience through two case studies, and argues for a continued need to evaluate the URD efforts so that future housing policies are more informed.

Recent public housing history

The 1.3 million units of public housing, which account for about 5 percent of rental units in the United States, are an important source of affordable low-income housing. These public housing units, whose estimated real estate value has been reported at \$90 billion, take on greater importance in large urban areas, where they represent an even higher percentage of the affordable housing stock.¹ The severe distress in many of the large, urban public housing developments, graphically illustrated in numerous journalistic accounts, has become the vivid symbol of our public housing program. Even though most units are reportedly in good physical condition (Abt Associates 1988), the commonly held image of public housing is one of deteriorated buildings and asphalt-paved sites devoid of function and use, occupied by single-female-headed households on welfare and riddled with gangs, drugs, and criminal activity. Most large urban areas in America have one or more developments that reinforce this image of a public housing program in distress.²

While the awareness of serious distress in public housing may be relatively recent for the public at large, those in the housing industry have acknowledged simmering problems for almost two decades. In the late 1970s, Meehan (1979) published a detailed critique of the federal public housing program. Using St. Louis as a case study, Meehan essentially argued that ambiguous policies and uncertain target populations made it difficult to evaluate the public housing program, to learn from identified mistakes, and to improve the program accordingly.

Over the decades, public housing has been targeted at various times to serve different populations in need of affordable housing, including the temporarily unemployed, the working poor,

¹ In cities such as Boston, Atlanta, and Cleveland, the public housing share of all rental units is 10 percent or more (Struyk 1980).

² This list includes such infamous sites as Pruitt-Igoe in St. Louis, Columbia Point in Boston, Robert Taylor Homes and Cabrini Green in Chicago, Desire in New Orleans, and Allen Parkway Village in Houston.

worst-case households on welfare, the homeless, and the disabled (Meehan 1979; Spence 1993; Welfeld 1994). Such tinkering has not led to any clear vision or purpose for the public housing program. Rather, these interventions have made it difficult to evaluate any significant outcomes associated with different policy directives.

At the same time Meehan was analyzing the St. Louis disaster of Pruitt-Igoe within the context of federal housing policies, HUD funded a study of problems affecting public housing projects (Jones, Kaminsky, and Roanhouse 1979). The study focused on the “troubled” portion of the inventory—projects with a high incidence of serious problems or judged by a “public housing specialist” to be in “bad” or “very bad” condition. It estimated that 7 percent of public housing developments, which accounted for 15 percent of the units, were troubled along four problem dimensions: social, physical, financial, and managerial. The social problems identified as the most important “involve the various social needs of a tenant population composed predominantly of very low income, single parent households with public welfare as a primary income source” (Jones, Kaminsky, and Roanhouse 1979, 9). At the same time, Newman (1980) raised similar concerns about the concentration of female-headed welfare families in public housing developments in New York. Clearly, red flags were raised early on, prompting concern about occupancy policies that concentrated the neediest families in public housing.

In the mid-1980s, with minimal federal investment in expanding the nation’s public housing stock,³ national efforts focused more on preserving the existing public housing inventory. A HUD-funded study (Abt Associates 1988) indicated that the vast majority of the public housing stock was in good condition, requiring only minor modernization. Given the size of the stock, however, the overall estimate for addressing the modernization needs of all developments was \$22 billion. By 1992, ICF (1992) estimated that this need had increased to \$29 billion. With annual funding of modernization improvements under the Comprehensive Improvement Assistance Program (CIAP) and the Comprehensive Grant Program (CGP) running between \$2 billion and \$3 billion, it would take more than a decade to fund 1992 modernization needs, without even addressing the needs that would be accruing after 1992 as the buildings continued to

³ Only 11 percent of the public housing stock (less than 200,000 units) was constructed after 1980, and most new development units were replacements for units lost through demolition (National Association of Housing and Redevelopment Officials 1990).

age. Moreover, these estimates were only for physical improvements, and no funding was included for resident programs and services or management enhancements, which drew funding under separate targeted program initiatives.

According to the Abt Associates study (1988), although the bulk of the public housing stock was in good condition, a small percentage (5 to 8 percent) was in need of substantial renovation—and redesign—because of physical deterioration. While HUD and housing advocates debated the study's methods and the amount of money needed to address the problem, the deteriorated developments—and the low-income families living in them—became increasingly distressed. The same problems plaguing America's cities in general were present, and often more severe, at many public housing sites in aging urban centers.

National Commission on Severely Distressed Public Housing

In 1989, Congress established the National Commission on Severely Distressed Public Housing (NCSDPH) to explore the factors contributing to distress, to identify strategies for remediation, and to develop a national action plan to eliminate distressed conditions nationwide. This was the first comprehensive public housing study undertaken in more than a decade. NCSDPH looked not only at the physical and social conditions of public housing but also at the regulatory obstacles that have become increasingly burdensome in recent years. Through public hearings, site visits, case studies, and reviews of studies and evaluations, a picture emerged of the characteristics of severely distressed developments: physical deterioration and uninhabitable living conditions, increasing levels of poverty, inadequate and fragmented services reaching only a portion of the residents, institutional abandonment, and locations in neighborhoods often as blighted as the developments themselves (NCSDPH 1992). It became clear that existing programs, funding sources, and strategies were inadequate to address the systemic failure evidenced in these dysfunctional urban environments.

The NCSDPH's *Final Report* emphasized throughout the multi-dimensional nature of "distressed conditions," including physical, social, and economic indicators. Charged with developing a definition and a rating system for PHAs to use to evaluate their developments, the commission identified four primary indicators: families living in distress, rates of serious crimes in the development or the surrounding neighborhood, barriers to managing the

environment, and physical deterioration of buildings (NCSDPH 1992). Lack of data at the PHA level for several of these indicators, and the lack of comparability of data between PHAs, made the measurement of “severe distress” problematic. Two key indicators, however, deserve further elaboration: families living in distress and physical deterioration of buildings.

Families living in distress

The NCSDPH’s research and analysis clearly highlighted that the problems identified more than 10 years before, including the increasing numbers of families headed by single females on welfare (Jones, Kaminsky, and Roanhouse 1979; Newman 1980), had now reached new levels of severity:

Public housing was not initially designed to house the poorest of the poor, and the rules governing the selection of public housing residents have changed over the years, with the households residing in public housing changing most dramatically since the early 1980’s. There has been an especially marked increase in public housing households that have incomes below 10 percent of local median, a key indicator of extreme economic disadvantage. In 1981, this group constituted only about 2.5 percent of the total public housing population, but by 1991, this figure had increased to almost 20 percent. (NCSDPH 1992, 48; see also Vale 1992)

There are other indicators of increasing poverty in public housing: More than 80 percent of family (nonelderly) households live below the poverty threshold, most households have incomes below 20 percent of the local median, and the overwhelming majority of households with dependent children are headed by single women (Lane 1995).

Many of the demographic changes are a direct result of federal tenant selection policies that give priority to those who often have the greatest need—homeless persons, households paying more than 50 percent of their income for housing, and those displaced or living in substandard housing.⁴ Such large concentrations of persons in need, with very little access to services and supports, create islands of poverty and despair in many large cities. Most surprising is the extent to which these communities of need have been “abandoned by the very institutions that exist

⁴ HUD introduced these federal preferences in 1980.

to serve the overwhelming needs of low-income families” (NCSDPH 1992, 48). Institutional abandonment of such basic services as police and fire protection, health care, education and training, employment, and youth programs is a common thread running through severely distressed communities—whether they are public housing developments or the deteriorated neighborhoods where public housing too often is found.

Physical deterioration of buildings

In addition to the shifts in occupancy characteristics, there are similarities in the physical condition of distressed public housing developments. Historically, their modernization needs have been underfunded. At the federal level, “triage” often results in targeting scarce modernization dollars to developments with only minor needs. According to ICF (1992) figures, between 1985 and 1991 severely distressed developments with high modernization needs⁵ accounted for almost 20 percent of the national needs but received only 7.6 percent of the total modernization funding. At the same time, the developments with minimal needs, which also represented 20 percent of the total stock, received almost 40 percent of the modernization funding. While it can be argued that this triage approach maintains the most successful developments in good condition, the neglect of the more distressed developments leads to rapid deterioration, complete systems failures, and uninhabitable conditions at many large urban developments (ICF 1992). Escalating vacancy rates exacerbated by these deteriorated conditions, lack of funding for repairs and replacement, and refusal of applicants to move into such conditions regardless of their current housing status were typical in city after city visited by the NCSDPH (1993).

Poor physical condition alone cannot account for the level of dysfunction encountered during visits to many sites around the country; inappropriate design has also contributed. Originally designed 40 to 50 years ago as housing for families temporarily residing in public housing, many developments do not meet the needs of today’s households.⁶ To modernize developments without remedying the original poor design of units, buildings, and

⁵ Those with modernization costs exceeding 60 percent of HUD’s total development cost guidelines.

⁶ As-built units average 20 to 30 percent smaller than current standards for unit size, so storage space is inadequate, kitchens are too small for a dining table to seat all family members, and bedrooms do not accommodate double occupancy (Epp Associates, TAMS Consultants, and Swander Associates 1990).

sites may be shortsighted, given the current movement toward tenant-based assistance. Under tenant-based assistance, where the resident rather than the public housing development receives the subsidy, residents are no longer captives of their environment but can seek alternative housing in the general market. In such a system, public housing developments must be market-competitive to attract subsidies; meeting contemporary design standards is therefore an economic necessity.

The NCSDPH found that most severely distressed public housing developments exhibited similar, and numerous, design deficiencies, including poor site location, excessive scale or density, poor site design, inadequate building and unit design, difficulties associated with the use of high-rises for families with children,⁷ use of inappropriate materials and inadequate construction standards, and lack of facilities for resident services and programs (Epp and Lane 1992). Poor original site and building design that cannot easily be remedied through renovation argues for demolition and new construction, in many instances, as the only means for ensuring the “marketability” of public housing.

In addition to identifying the many factors that contribute to severely distressed public housing conditions, the NCSDPH collected information on strategies for remedying the various causes of distress. Case studies (NCSDPH 1993) were prepared of three redevelopment efforts—in Boston, Albany, and San Francisco—to illustrate the types of interventions PHAs used to turn around troubled public housing. These interventions include programs and methods for resident involvement, provision of community facilities, coordinated service delivery programs, and alternative forms of management. Many of these components of success are difficult to measure and rather subjective (see Vale 1996).

While the NCSDPH’s *Final Report* has been well received, particularly the research and analysis that document the increasing levels of social and physical distress in public housing communities, it has several shortcomings. As Vale (1993) has carefully argued, the commission’s identification of a defined set of severely distressed units—estimated at 86,000, or roughly 6 percent of the total inventory—belies the true nature of the problem, which is symptomatic of the entire public housing program and not confined to selected developments. Focusing

⁷Note that buildings with elevators constitute only 12 percent of the severely distressed public housing stock, as measured by rehabilitation costs in excess of 60 percent of total development costs (Schnare 1991).

only on worst-case developments draws attention and resources away from systemwide reforms. Rebuttals by Gentry (1993) and Lines (1993) refute Vale's claim, indicating that the special nature of severely distressed properties calls for unique, project-specific, nontraditional approaches that are best achieved through special demonstration programs (such as the URD program described below). Vale also raises justified concerns about the definition of "severe distress," which includes most of the public housing stock, and he argues for more reliable databases with improved measures of social and economic factors to complement existing data on physical needs.

Urban Revitalization Demonstration program

In the fall of 1992, partly in response to the work of the NCSDPH and the concerted lobbying efforts of numerous public housing professionals and advocates, Congress created the URD program. Also known as HOPE VI, this program provides a comprehensive approach to revitalizing distressed urban communities (HUD 1993). The overarching goals of the URD program are (1) to transform public housing communities from islands of despair and poverty into a vital and integral part of larger neighborhoods and (2) to create an environment that encourages and supports individual and family movement toward self-sufficiency. Many of the NCSDPH's recommendations have been incorporated into this demonstration program.

As outlined in the notice of funding availability (HUD 1993), 40 of the largest housing authorities were eligible to apply for the special program; all but 1 applied. In the first two years of the URD program (fiscal 1993 and 1994), Congress authorized more than \$1.2 billion, which was allocated to 32 PHAs across the country.⁸ In 1995, another \$500 million was authorized for both planning and implementation efforts. Each housing authority could apply for implementation grants of up to \$50 million for no more than 500 units. The URD program guidelines call for at least 80 percent of the funds to be used for capital costs for physical improvements, certificates for replacement housing, management improvements for the reconstructed development, and planning and technical assistance. The remaining 20 percent can be used for community service programs, supportive services, job training, economic development costs, and services

⁸ Initially, 24 housing authorities received only implementation grants, 6 received only planning grants, and 2 received both a planning and an implementation grant for different developments.

related to education and employment. In 1996, approximately \$480 million was appropriated in the URD program, with an emphasis on demolition, replacement housing that lessens the concentrations of very low income families, and Section 8 tenant-based assistance. All public housing authorities are eligible to apply for 1996 funding (HUD 1996).

The level of funding and its flexibility in use for physical, social, and operational change provide a demonstration program that encourages innovation and new solutions and expands capacity well beyond the scope of earlier funding programs. Once limited only to renovation of existing structures, housing authorities now have the flexibility to renovate, selectively demolish and build new additions, or completely demolish a development and construct new housing on the original site or elsewhere, depending on local political and market conditions, and to mix market-rate with publicly supported units.

The flexibility of the URD program and the emphasis on local planning generate substantial challenges for housing authorities. Too often constrained by the oppressive regulatory environment of the 1980s, many PHAs struggle to be expansive in their vision and inclusive in their planning process. Most invest their own time and money in developing a thorough and comprehensive planning effort that brings new participants and partners to the decision-making table.⁹

Efforts at comprehensive planning for the revitalization of severely distressed public housing parallel similar efforts across the country in neighborhood renewal initiated by the community-based development sector. These initiatives, exemplified by the Enterprise Foundation's Community Building Partnership effort in Baltimore and New York's South Bronx Comprehensive Revitalization Project, are described by Walker (1993, 405):

Two features, in particular, distinguish these initiatives from past efforts: (1) they purport to shape community strategies that cross-cut human service, health, economic development, housing, and community-building policy domains, and (2) they strongly emphasize community participation in policy formulation and program implementation.

⁹ Of the 32 PHAs that received initial funding based on hastily prepared plans, 26 invested more than \$500,000 and six months to revise their plans and to include other parties in the planning effort (HUD 1995).

The recent empowerment zone program is yet another example of the growing trend toward local strategic planning and community involvement in policy formulation and program implementation.

URD revitalization efforts, given the flexibility of the program, can respond to community constraints and opportunities and build on available local resources and talent. Some URD sites have market potential and lend themselves to new mixed-income communities with private sector participation. Other developments, in more distressed neighborhoods, focus on density reduction and creating partnerships with community development corporations (CDCs) to develop replacement housing (typically focusing on homeownership) in the surrounding neighborhood.

While each URD plan is unique, URD recipients share several goals: comprehensive and coordinated support services; strong, decentralized management, regardless of the management entity (authority, private management firm, or resident management corporation); and resident participation in planning and implementation. More recently, URD efforts increasingly emphasize physically and economically integrating the public housing development into the surrounding neighborhood and leveraging URD funds to stimulate neighborhood reinvestment and produce additional housing units. More and more PHAs are considering the development of public housing communities that serve the needs of a broad range of income groups.

Development of mixed-income communities

There is growing acceptance of the politically charged policy directive to move public housing away from “housing of last resort” and toward communities that reflect a broader range of incomes. While some still argue that limited housing resources should be targeted to worst-case needs (Nelson and Khadduri 1992), increasing numbers of housing professionals are calling for increased economic diversity in public housing communities (Cavanaugh 1992; Spence 1993). In his review of the NCSDPH’s *Final Report*, Spence (1993), former receiver of the Boston Housing Authority and receiver of the city of Chelsea, Massachusetts, argues that while the commission accurately assessed that the high concentrations of extremely poor female-headed households are a key factor in the distressed conditions in public housing, it

failed to aggressively call for changes in public housing occupancy policies:

Instead, to avoid confronting directly the tenant selection policies that define a disastrous social role for public housing, the commission holds to a naive optimism about the possibilities of altering the condition of community in distressed developments through social service and economic development initiatives....

If severely distressed developments represent aggregations of severely distressed and isolated people, then two courses are open to us: We might alter our admissions policies to reduce the aggregations of severe distress and thereby relieve isolation, or we might focus interventions on these aggregations of human distress, in the hope of relieving it.

The commission chose the latter approach, however wanting in credibility, because the former is so politically daunting. (pp. 362–63)

The concentration of households headed by unemployed single women in public housing, which results from occupancy policies that give preference to worst-case families, has a parallel in ghetto neighborhoods studied by Wilson (1987) that have experienced an out-migration of working families. In both environments, the lack of employed role models takes a toll on the social fabric of the community:

Thus, in a neighborhood with a paucity of regularly employed families and with the overwhelming majority of families having spells of long-term joblessness, people experience a social isolation that excludes them from the job network system that permeates other neighborhoods and that is so important in learning about or being recommended for jobs that become available in various parts of the city. And as the prospects for employment diminish, other alternatives such as welfare and the underground economy are not only increasingly relied on, they come to be seen as a way of life. (p. 57)

Such an analysis argues not only for increased access to jobs in these disadvantaged communities, but also for encouraging the integration of working households. The New York City Housing Authority recently announced that it will give preference to

working people over welfare recipients in filling vacant units, in an effort to “restore economic and social stability to projects” (Kennedy 1995). To increase the number of working families on the waiting list, the authority will advertise and recruit potential residents at their workplaces (New York City Housing Authority 1995).

Proposed federal housing legislation also acknowledges the advantage of increasing the number of working families throughout public housing, not only in the more distressed developments. The recent proposed housing bill calls for a broader range of household incomes in public housing. Under current rules, public housing built before October 1981 can have up to 25 percent of households earning between 50 and 80 percent of area median family income; public housing constructed after October 1981 has been limited to no more than 5 percent of households in that income range. The current House bill (H.R. 240) calls for at least 35 percent of public housing households to be at or below 30 percent of area median income; the Senate bill (S. 1260) requires at least 40 percent of annual admissions to be families with incomes less than 30 percent of area median, and at least 75 percent to be families earning less than 60 percent of area median. Either proposal would lead to a much broader range of incomes in public housing developments, since the current median income of nonelderly public housing households is 16 percent of area median (Lane 1995). Such income mixing is believed to result in more manageable housing sites, public housing residents who are less isolated from the economic mainstream of the surrounding community, and reduced operating subsidies because of the admission and retention of higher income and rent-paying households.

“Planned” mixed-income housing is not a new concept.¹⁰ Mixed-income developments have been constructed around the country for more than 25 years; as of 1987, state housing finance agencies had developed 25,000 units of mixed-income rental housing under tax-exempt bond programs (Mulroy 1991). There are also several examples of troubled public housing that have been transformed into mixed-income communities.

¹⁰ “Mixed-income housing” is used to describe a variety of income-mixing approaches; no industry standard exists. Within public housing, it refers to mixing families with various incomes below 80 percent of median income, which includes both working and nonworking families. State housing finance agencies include market-rate households in their definition of mixed-income communities. When discussed, specific income ranges should be defined.

Two severely distressed public housing sites in Massachusetts—King’s Lynne in Lynn and Harbor Point¹¹ in Boston—have become models for the transformation of abandoned, isolated public housing developments into diverse and multiracial communities that can compete with market-rate developments in attracting residents. While evaluations of early stages of occupancy at both developments indicated that residents were generally pleased with their new communities, the developments are not without the typical problems associated with community living, such as teens hanging out on street corners and noisy neighbors (Pader and Breitbart 1993; Upshur, Epp, and Werby 1981).

King’s Lynne and Harbor Point are mixed-income communities that include very low income families and market-rate households, but other models are also available for study, including Lake Parc Place in Chicago. Lake Parc Place is a demonstration program under the Mixed Income New Community Strategy in the 1990 National Affordable Housing Act, with half the units designated for families with incomes below 50 percent of area median and the remaining half designated for families with incomes between 50 and 80 percent of area median, or the working poor (NCSDPH 1993).

Lane (1995) reports early indicators of success with this demonstration: There have been no major crimes, vandalism, or graffiti since reopening, and 20 percent of the households who started on welfare now have heads with full-time jobs. Current policy development and planning efforts, particularly around the mix of income levels, would benefit from systematic postoccupancy evaluations of these different types of mixed-income communities. The evaluation should focus not only on community issues and resident satisfaction but also on such key operational factors as marketability, turnover rates, maintenance costs, and need for supportive services.

Mixed-income communities are clearly a bold approach to mitigating the overconcentration of very poor families, but one that can be implemented only when the local housing market and site location are appropriate. To encourage housing authorities to consider housing options that promote communities of economic diversity, Kevin Marchman, acting assistant secretary at the HUD Office of Public and Indian Housing, issued a memorandum

¹¹ For a detailed discussion of the Harbor Point redevelopment effort and a preliminary assessment of resident satisfaction with mixed-income living, see Pader and Breitbart (1993).

to all URD grantees in February 1994 that describes “URD Plus: A Tool for Neighborhood Revitalization.” Under this scenario, housing authorities are encouraged to use the flexibility in the URD program to leverage URD funds in three ways (Marchman 1994):

1. In conjunction with Community Development Block Grant, HOME, state, and private financing, to produce more housing than could be constructed by using the URD funds only for capital costs of public housing improvements
2. To replace some of the units in the surrounding neighborhood to encourage broader neighborhood revitalization
3. To combine URD funds with other subsidies and loan funds to generate mixed-income developments on the public housing site as well as on other sites

While specific details of how public housing funds can be leveraged have not been finalized, several housing authorities incorporate the concept into their revitalization plans.

Creating a new mixed-income community might be feasible in those cities with strong housing markets and with URD sites in neighborhoods that can attract households with different incomes. Participants in the URD program have pointed out that not all sites have income-mixing potential between 60 and 80 percent of area median and that even fewer sites can attract market-rate families (with incomes greater than 95 percent of area median). Many URD planning efforts include exploring a range of income-mixing options, including income tiering within public housing regulations. As noted earlier, public housing can serve households with up to 80 percent of area median income; however, partly because of federal preferences, most households now living in URD developments fall below 50 percent of area median income.¹² To provide a broader income range within current public housing regulations, some housing authorities are considering “income tiering,” in which applicant waiting lists are organized by income tiers and placement in public housing developments is based on maintaining a predetermined mix of income ranges.

¹² At Elm Haven in New Haven, 86 percent of current households have incomes below 50 percent of area median family income. At Jeffries Homes in Detroit, 93 percent of households have incomes below 50 percent of area median, with the vast majority below 30 percent of area median.

In many cities, it will take a concerted effort to attract working families back to public housing, given its perception as the housing of last resort. Market studies that identify the type of households likely to be attracted to a revitalized housing community, the rent levels that can be attained, and the types of unit amenities that must be provided are being undertaken as part of the URD planning effort in many cities. Some URD sites are believed to have full market potential (e.g., Holly Park in Seattle and Techwood in Atlanta), while others may only be able to attract families below 60 percent of area median (e.g., Concord Village in Indianapolis).

Financing sources also play a role in the income-mixing strategy. The use of low-income housing tax credit (LIHTC) funds, which are the proposed leveraging vehicle in many URD Plus efforts, limits occupancy to households below 60 percent of area median family income. Social goals for new public housing communities are very much tied to local market conditions and available financing tools.

The income-mixing approach deals with the concentration of very poor families by increasing economic diversity and by offering several presumed benefits to residents:

1. Employed persons will provide role models for children and the unemployed.
2. Communities will likely be more stable because a family can remain in the unit even if the head loses a job, becomes employed, or gets a raise (rents could be adjusted).
3. Resident services and programs are more likely to be acknowledged as critical components of successful communities, and therefore their funding is often built into the development's operating budget.
4. Institutions, public agencies, and commercial businesses are more likely to invest in, rather than abandon, a mixed-income neighborhood.

As Gordon Cavanaugh (1992, 75) has aptly concluded, "the only way to serve the poor properly is by hitching their needs to those of a more influential population." These assertions of the benefits of income mixing will need to be studied and evaluated as these new communities unfold over the next decade.

Family economic self-sufficiency

In addition to the income-mixing strategy, many URD efforts include the development of a family economic self-sufficiency program to assist very low income households in becoming less dependent on federal subsidies. Since a housing authority can spend up to 20 percent of its URD grant (which translates into \$10 million for a full \$50 million grant) for supportive and community services, as well as economic development initiatives (HUD 1993), the level of URD funding currently flowing into self-sufficiency efforts is sizable. It is essential that these moneys be allocated to a comprehensive and coordinated array of programs and services that most effectively help acutely poor families gain economic self-sufficiency.

Recent research on family self-sufficiency programs indicates that there is long-range promise for decreasing economic dependence among acutely poor households, but the short-term results report little measurable success (Shlay 1993; Shlay and Holupka 1992). One of the most studied demonstration programs is the Family Development Center (FDC) in Baltimore (Shlay and Holupka 1992). Opened in the summer of 1987, this demonstration program provides comprehensive and coordinated services to the residents of Lafayette Courts, Baltimore's large public housing development. Every family enrolled in the program is assigned a case manager who determines the needs of each resident and then identifies specific programs for mandatory resident participation.

The progress of the initial families enrolled in the program has been carefully tracked over a multiyear period, and this research resulted in several key findings:

1. The FDC was successful in getting families to participate in the program.
2. Participants reported increased educational aspirations, enhanced self-esteem, and a greater sense of control over their lives.
3. Participants spent more time in other neighborhoods and less time doing nothing.
4. The economic circumstances of families were not altered by participating in the FDC in its early years. In fact, employment rates appeared to decrease slightly because of participation in education and training programs.

The evaluation research indicates that “the FDC is neither a quick fix to either fighting poverty or reducing families’ reliance on welfare” (Shlay and Holupka 1992, 531). It may be too optimistic to expect short-term positive results from the self-sufficiency programs developed under the URD efforts; a longer time frame for measuring successful outcomes may be necessary. However, this should not diminish the importance of these programs in a comprehensive community revitalization effort.

Homeownership is often a desired outcome of a self-sufficiency program (along with higher education and business development), but recent studies indicate that it is difficult to achieve for many public housing residents. Rohe (1995) has evaluated Charlotte’s Gateway Families Program, which focuses on enhancing labor market skills so that residents can afford to purchase their own homes. Preliminary findings indicate that it was difficult to attract qualified applicants, the dropout rate from the program was high, remedial skills took longer to develop than originally anticipated, and residents preferred to be clustered in homes near one another. Rohe concluded that homeownership should not be a primary goal for most public housing residents and that providing a variety of remedial job training activities is essential.

Homeownership, family self-sufficiency programs, and income mixing are only some of the components of many of the URD revitalization efforts. To illustrate the variety of tools that housing authorities are employing and the difficulties they face revitalizing and integrating public housing properties and their surrounding neighborhoods, a summary of two different URD plans in Seattle and Indianapolis follows.

Holly Park: A new mixed-income community

Holly Park in Seattle provides an interesting case study of the magnitude of change and innovation that is possible through HUD’s URD program (Seattle Housing Authority 1994). Holly Park is a 900-unit public housing development on a 110-acre site in southeast Seattle. Unlike many of the cities on the East Coast, Seattle is growing; 60,000 new households are expected by 2000. The city has embarked on an extensive planning effort that proposes to manage this growth through the development of a series of “urban villages,” each having a commercial core, transportation loop, and residential development of different densities and scales.

The Seattle Housing Authority worked closely with the city to have the Holly Park site designated as part of a new “residential urban village.” The housing authority also established a planning process with steering and advisory committees consisting of representatives from various city agencies, the private development community, local service providers, the state, and the residents to develop a shared vision and mission for transforming the distressed development. Resident involvement has been particularly challenging at Holly Park because all written and oral communication is translated into at least six languages¹³ to deal with the ethnic diversity of the residents.

Although the 110-acre Holly Park site is not spatially dense (nine units per acre), the concentration of 900 very low income families is considered by the housing authority and larger Seattle community to be problematic. As part of an urban village, the site can support the proposed higher residential densities called for in the city’s 20-year plan. As a result, the revitalization plan for Holly Park calls for demolishing the 900 units of public housing and constructing a 1,200-unit mixed-income development on the cleared site. As proposed, the plan includes 400 units of public housing, 400 units of housing for moderate-income families (the working poor), and 400 units of market-rate housing.¹⁴ Although the development is primarily planned as a rental community, up to 20 percent of the units will be targeted for homeownership to help stabilize the community and provide opportunities for much-needed affordable housing in southeast Seattle. The homeownership component will include affordable units for households earning between 50 and 95 percent of area median.

The new mixed-income community will be supported by substantial neighborhood investments, including a major expansion of the existing community center and ball fields, the construction of a satellite public library, and the development of a new neighborhood resource center to serve the needs of all residents throughout southeast Seattle. The implementation of a new transportation link system, proposed as part of the urban village strategy, will also be pursued.

¹³ Resident surveys indicated that English is the predominant language spoken in slightly less than half the respondent households; the remaining households at Holly Park use a language other than English, including Vietnamese, Cambodian, Laotian, Tigrinya, Oromo, and Somali.

¹⁴ A market study was contracted during the planning effort to assess the market demand and to identify specific qualities of a residential community that would enhance its marketability to this income group.

A family self-sufficiency program is also planned for Holly Park, in conjunction with a ceiling rent policy to encourage working families to remain in the revitalized community. The URD budget includes funding of a full-time program coordinator, who will be responsible for the daily administration and oversight of a resource fund (also funded through URD) to ensure the continuation of the program. The Seattle Housing Authority has been administering a family self-sufficiency program, as mandated by HUD for new Section 8 certificates, and the lack of funding for program administration and service coordination has been problematic (Kustina 1994). This problem can be addressed with URD funds.

In addition to the 1,200 on-site units, 500 units of off-site replacement housing are planned, in smaller developments scattered throughout other neighborhoods in Seattle. This will provide an opportunity for the housing authority to form partnerships with experienced local nonprofit groups to develop and manage housing for low-income and very low income persons. The URD funds are a possible source of “gap” financing for affordable housing developed by these nonprofits; another financing source being explored is the transfer of public housing operating subsidies to off-site replacement units.

The estimated cost of the new 1,200-unit mixed-income community substantially exceeds the \$47 million URD implementation grant awarded the authority. Additional funding will be provided by state and local public and private entities; possible sources include the use of tax-exempt bonds, LIHTC funds, and a city contribution for new infrastructure. Given the complexity of the proposed financing models, the housing authority seeks the involvement of consultants experienced in financial analysis, program management, and relocation. The authority also wants to involve the private sector in developing and managing the new community. There will be built-in assurances, through a land lease and operating agreement, that the long-range needs of low-income and very low income families will be met, regardless of the ownership and management structure. In addition, residents will be involved in key decisions, through the establishment of a governing board, as well as in the day-to-day operations of the new community. Holly Park represents a new approach to providing housing options for low-income families—in economically integrated and supportive environments that promote self-sufficiency and community living.

Indianapolis: Revitalization of the Near Westside

The Indianapolis Public Housing Agency (IPHA) is currently implementing one of its URD revitalization plans for two public housing communities in the Near Westside neighborhood (Tise, Hurwitz & Diamond, and Clyde E. Woods & Associates 1995). Unlike the program in Seattle, where the revitalization plan focuses primarily on the site, the IPHA URD plan involves a neighborhoodwide revitalization strategy that encompasses 200 public housing units at Concord Village and 110 at Eaglecreek Village. IPHA, in cooperation with the city and the neighborhood, has used the URD funds to contract with a program manager to oversee the entire revitalization effort in the larger community.

Unlike Seattle, Indianapolis is not experiencing a noticeable increase in population and has an abundant stock of affordable housing. Since much of the housing is in substandard condition, the city does not have a sound source of safe and sanitary housing for very low income families. The proposed plan, which has the support of residents and the neighborhood, calls for demolishing a total of 310 units on both sites, building 170 units on these sites at a lower density, and blending a new street system into the existing neighborhood. The new units, in contrast to the existing clustered row houses, will be side-by-side duplex units, similar in scale and design to the surrounding neighborhood's bungalows. The primary goal of this plan's physical component is to weave the public housing site back into the neighborhood's fabric to make it indistinguishable from the larger community.

IPHA and the planning consultants agreed early on that this neighborhood likely could not attract market-level rents to cover debt service and operating costs. A financial consultant had preliminary indications that rental units in the neighborhood would appeal to households with incomes no greater than 50 to 60 percent of area median family income.¹⁵ As a result, income tiering will occur within the current regulatory framework for income mixing below 80 percent of area median. Ninety percent of current residents and waiting list applicants have incomes below 30 percent of area median, so attracting even the working poor to these new sites will require a substantial outreach and marketing effort.

¹⁵ Discussions regarding the feasibility of income mixing have included Milan Ozdinac, from HUD's Office of Public Housing Investments; Joni Brooks of Hamilton, Rabinowitz and Alschuler, Inc., development consultants; and Linda Cappello, former planning director of the New York City Housing Authority.

The revitalization plan also calls for constructing 70 units for homeownership in the immediate neighborhood. Retaining all these replacement units in the Near Westside is viewed as critical to reinforcing the city's plans for redevelopment of this area. A neighborhood inventory of potential sites for replacement housing identified more than 200 vacant lots or dilapidated structures near the public housing sites. These abandoned sites have become havens for drug dealers and crack users. The lots' redevelopment is viewed as key to reducing the high crime rates in the Near Westside.

The scattered-site replacement units will be set aside for households who participate in a family self-sufficiency program that requires them to enter into a formal contract, with specified goals and participation requirements, leading toward self-sufficiency and, in many cases, homeownership. It is projected that through job training programs, access to employment opportunities, and a ceiling rent program, many public housing families will become homeowners. Fifteen- and 5-year lease-purchase programs are being explored, with the knowledge that homeownership is a long-term goal rather than an immediate one. The off-site replacement units will be constructed on vacant lots that the city conveys to IPHA in small packages to encourage the involvement of small, local contractors. Eighteen of the 70 off-site units will be developed by IPHA in partnership with the local CDC (Westside CDC), with support from the Indianapolis Neighborhood Housing Partnership. Westside CDC recently received a tax credit allocation for the project.

One of the more interesting initiatives in the Indianapolis plan involves supportive services and the establishment of an endowment fund. Many organizations in the Near Westside are providing services now; there is a multiservice center within several blocks of the public housing sites. The current plan calls for the construction of a neighborhood youth center to meet the needs of all children in the larger community. Lack of transportation has been identified as a key impediment to accessing services in the area, and a resident-operated shuttle van service is in the planning stages. To ensure that the service needs of the residents are provided for beyond the term of the five-year implementation grant, IPHA and the residents are seeking to establish a "permanent" community endowment fund with some of the URD funds for supportive services. Funds would be professionally invested and managed in conjunction with an established foundation or philanthropic entity. A limited amount of funding would then be available each year for supportive service priority areas as determined by a board composed of residents, IPHA, and

neighborhood representatives. This approach provides for an ongoing source of service funding and greater flexibility in the annual targeting of service needs. It also ensures that public housing residents will have some leverage in determining what services are provided in the neighborhood.

Conclusion

The problems facing severely distressed public housing communities and the transformation required to address the isolation of very low income families will require significant investment of time, energy, commitment, and money. There are no quick fixes in communities where institutional abandonment and hopelessness have prevailed for years.

While the vast majority of the 1.3 million public housing units are in good condition and remain an important housing resource for low-income households, clearly the most severely distressed developments require remediation of some form. Not all can or should be demolished; not all can or should be revitalized. How do we make these critical decisions? Should a site be abandoned if long-term viability—or marketability—cannot be assured? How can we be sensitive to residents who desire to remain in their communities? When are community ties to distressed neighborhoods stronger than society's goals of economic or racial integration? Are worst-case families on welfare, in need of a comprehensive support network, best served in scattered-site units distant from friends and family who may be their only source of support and assistance?

There are no evaluations, no studies, and no data to definitively answer many of these questions. The research reviewed in this article remains far from conclusive. In the meantime, revitalization is proceeding with a multifaceted strategy, combining income mixing, family self-sufficiency programs, homeownership, and other components. While the debate continues over the purpose of public housing and the goal of its revitalization, URD efforts can be designed with a dual purpose: as a stepping-stone on the way to self-sufficiency and as mixed-income communities that promote support and stability. In the end, a combination of these approaches may be the most useful.

Given the current political climate and decreasing financial resources, we cannot afford to waste URD funds by thinking too small, by not encouraging resident self-sufficiency and economic advancement, or by not involving other private and public

institutions in the much-needed provision of affordable housing. The success of this unique public housing initiative, which seeks to reintegrate very low income families into the fabric of our urban communities, must be measured by how much it improves the lives of residents, not just the buildings.

Author

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