



Building Inclusive Communities

Can we share the benefits of growth?



We tend to think of housing as being about **shelter**, but when you choose a home you are also choosing a **neighborhood**.



You are also choosing a **community**

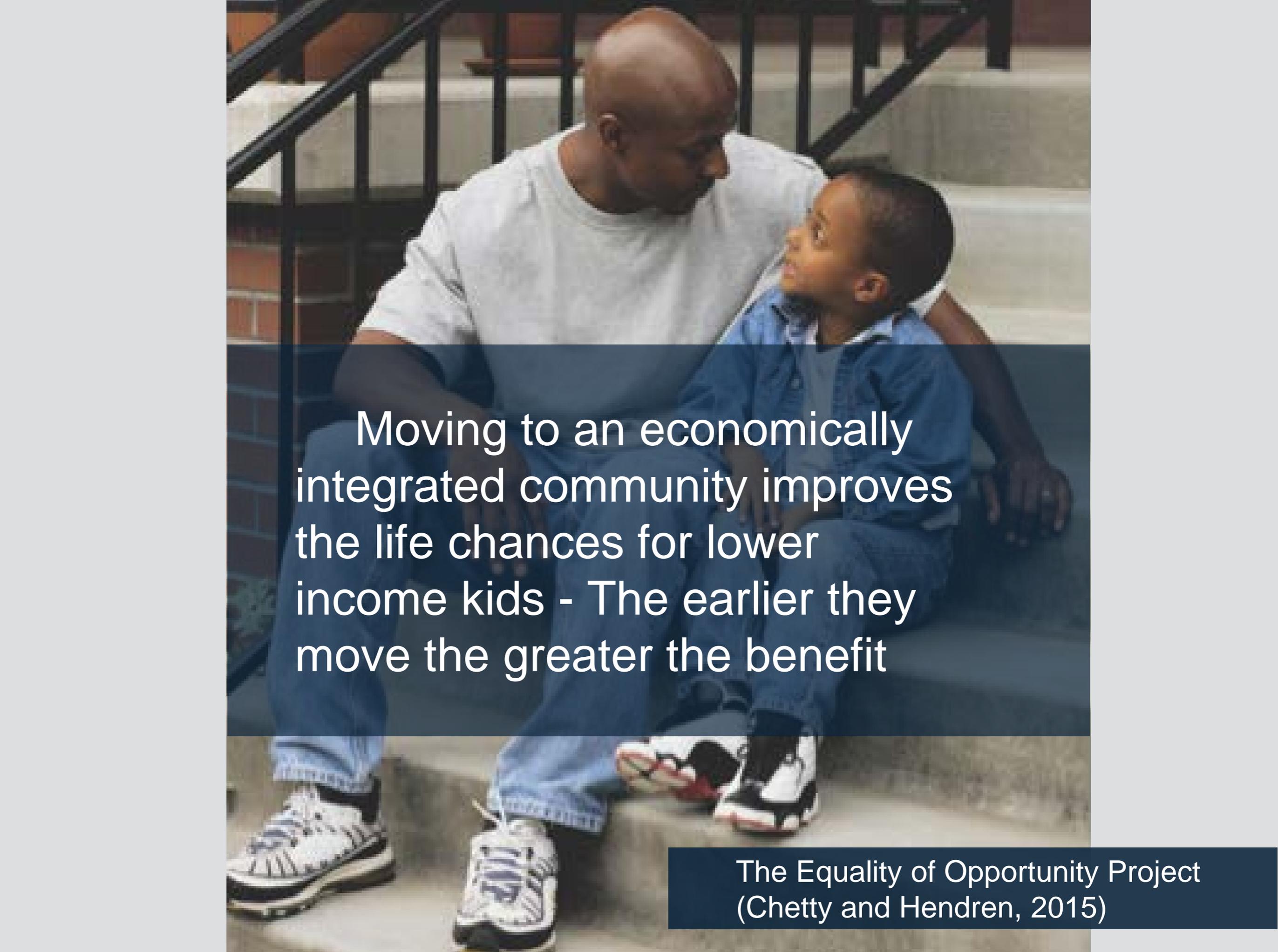
A photograph of two women sitting on a stone ledge in a city square, looking at a fountain. The woman on the left has long blonde hair and is wearing a mustard yellow sweater. The woman on the right has long dark hair in a braid and is wearing a blue and black striped shirt. The background shows a large stone fountain with water spraying upwards, and a brick building with a street lamp in the distance.

Are mixed income communities possible?

Differences in poverty rate in the **neighborhood** where kids grow up make a bigger difference to their economic future than differences in **parents** income.



Pew Charitable Trust,
Economic Mobility
Project (Sharkey 2009)



Moving to an economically integrated community improves the life chances for lower income kids - The earlier they move the greater the benefit

The Equality of Opportunity Project
(Chetty and Hendren, 2015)



Our affordable housing programs have not been successful in accessing higher opportunity neighborhoods.

Median quality of nearest school

Public Housing 19th Percentile

Tax Credits 30th Percentile

Housing Choice
Voucher Holders 26th Percentile

Ellen, Ingrid Gould, and Keren Mertens Horn. 2012. "Do Federally Assisted Households Have Access to High Performing Public Schools? Civil Rights Research." *Poverty & Race Research Action Council (NJ1)*.

Inclusionary Housing



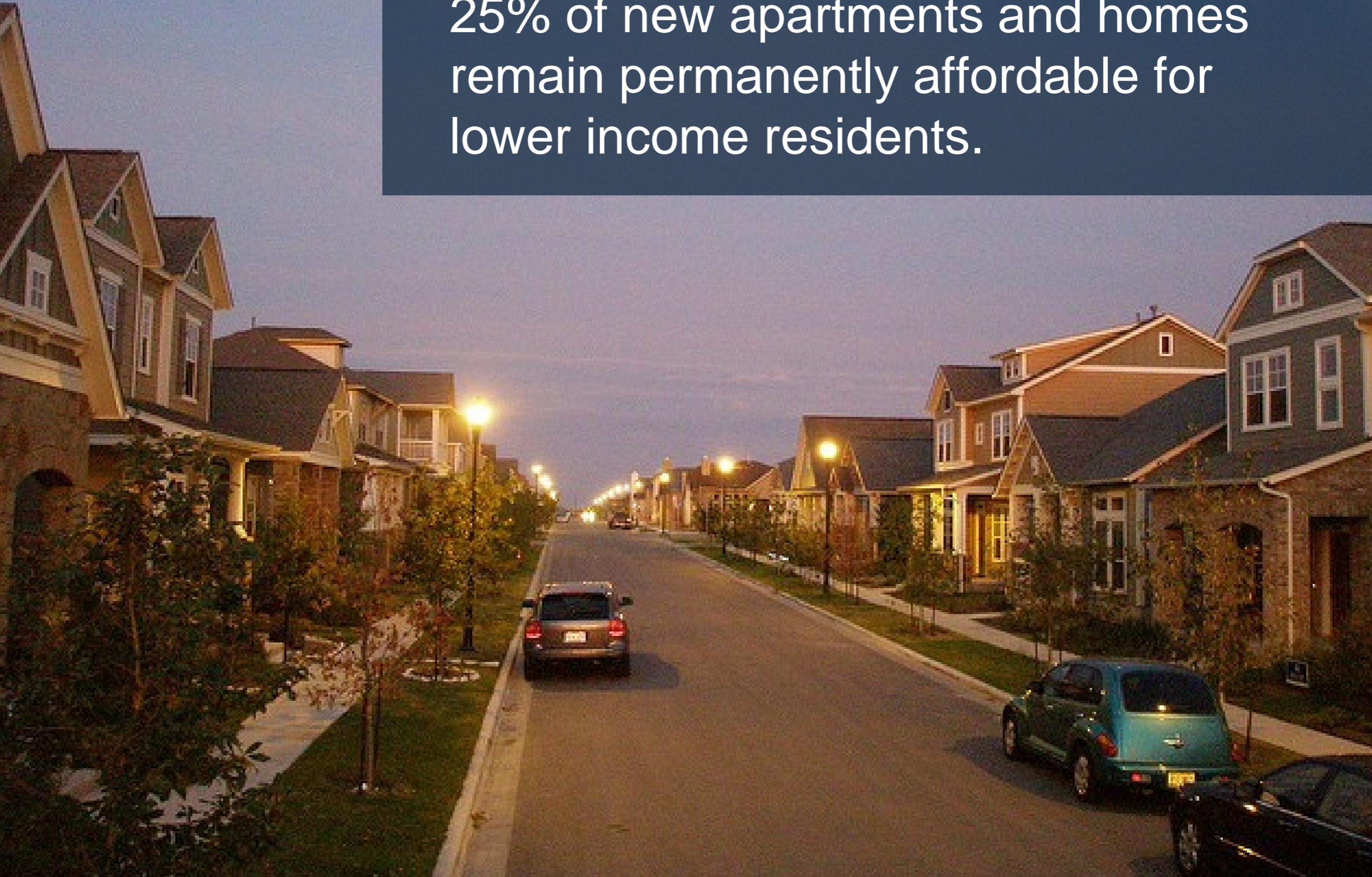
Austin, TX

Redevelopment of the former Mueller Airport created an opportunity to build an entirely new mixed-use urban neighborhood

The project includes 4,600 homes and apartments, 140 acres of open space and 4.2 million square feet of commercial space.

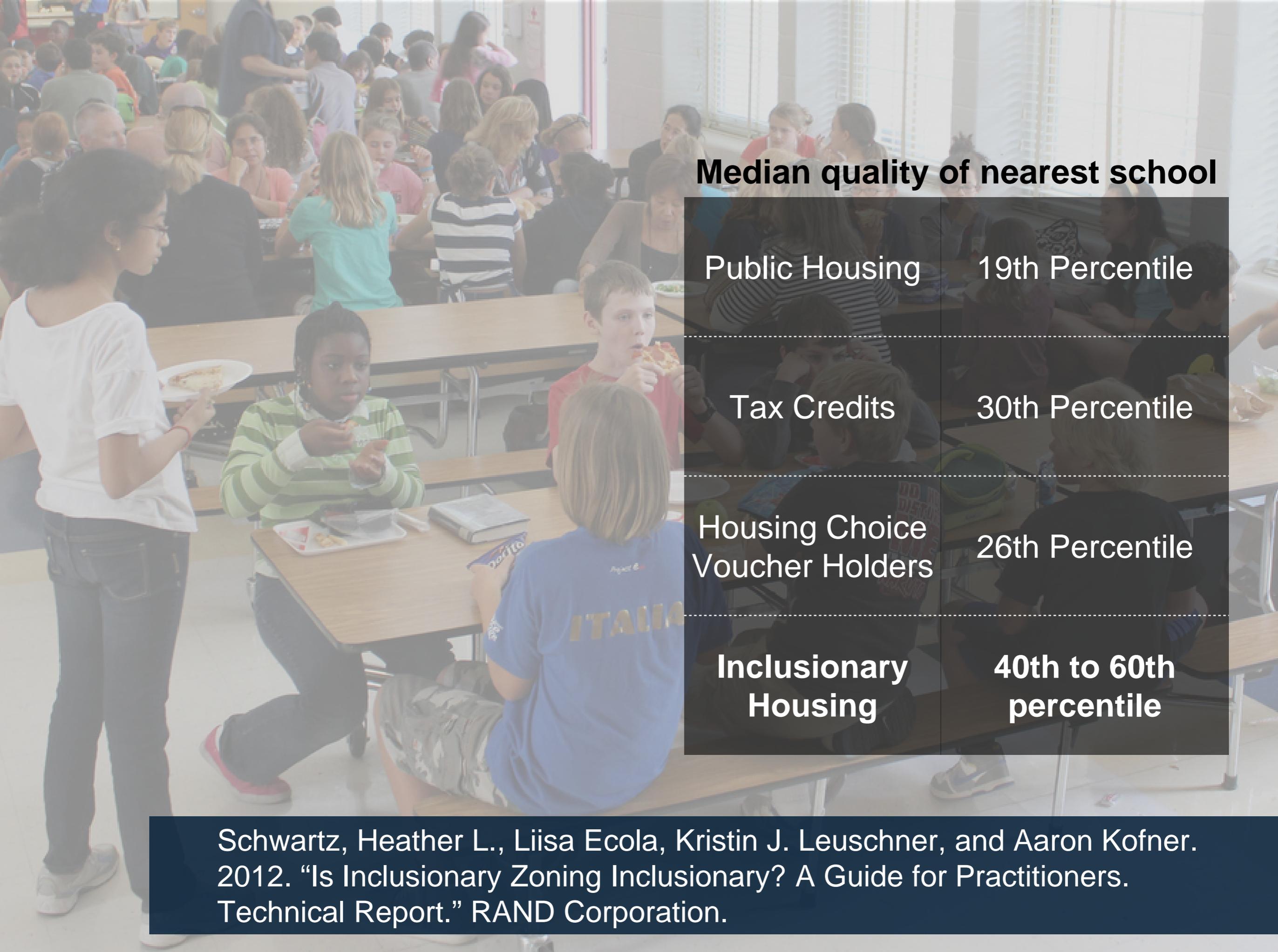


Thinking ahead, the city required that 25% of new apartments and homes remain permanently affordable for lower income residents.





1,400 families earning 50-80% of median income will benefit from this development. And the community will remain economically diverse over the long term.



Median quality of nearest school

Public Housing

19th Percentile

Tax Credits

30th Percentile

Housing Choice
Voucher Holders

26th Percentile

Inclusionary
Housing

40th to 60th
percentile

Schwartz, Heather L., Liisa Ecola, Kristin J. Leuschner, and Aaron Kofner. 2012. "Is Inclusionary Zoning Inclusionary? A Guide for Practitioners. Technical Report." RAND Corporation.

A modern, multi-story apartment building with a mix of light-colored and dark grey facades. The building features numerous balconies with glass railings and large windows. In the foreground, there are trees with autumn-colored leaves, a street with a stop sign, and a blue pickup truck. The sky is clear and blue.

Meanwhile... Investment is **finally** flowing back into urban neighborhoods.



Is this good news?



Worse



Better?





Worse

Better?





Won't more building help bring prices down?

Did someone repeal the “law” of supply and demand?



SFGATE NEWS SPORTS BUSINESS ENTERTAINMENT FOOD LIVING TRAVEL REAL ESTATE

Campos wants moratorium on new housing in the Mission

By **Emily Green** Updated 6:27 pm, Tuesday, May 5, 2015





We aren't building enough

In the Bay Area we built only 193 housing units per 1000 new residents

Source: zillow.com March 27, 2015



**But we can't build our way
out of the housing crisis**



Property owners **abandon** buildings rather than rent for less than their operating costs

We would need to
build at a truly
massive scale to
push rents down to
a level that was
affordable for most
lower income
households





Even if it does not solve the problem entirely, some building is better than no building

FRESH MEXICAN GRILL

110

Covering Books

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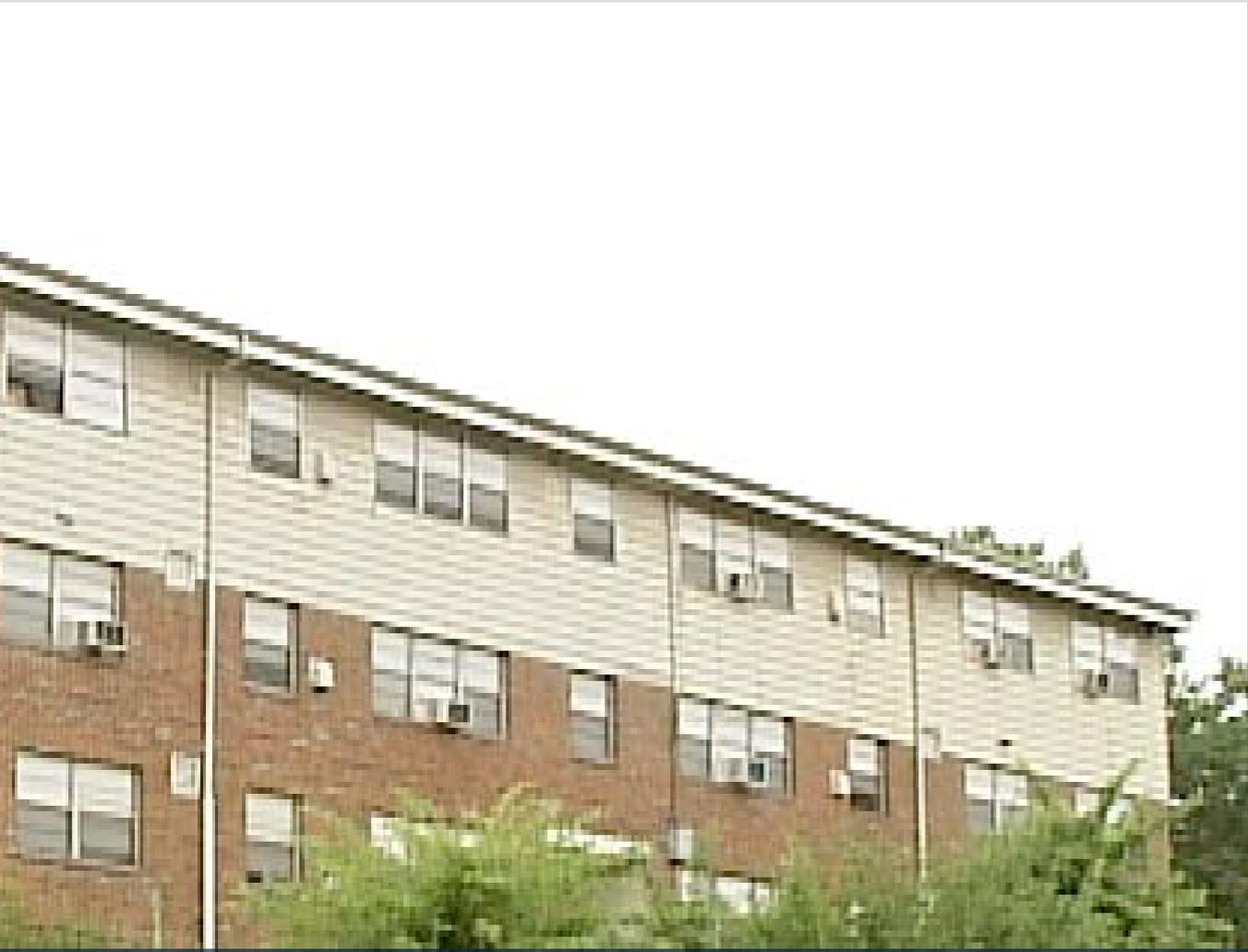


Even if it does not solve the problem entirely, some building is better than no building

At least at the regional scale



Neighborhood perception may be more important than supply in setting the rent in a neighborhood



New housing **signals** a new character for a neighborhood

New housing can lead to higher rents

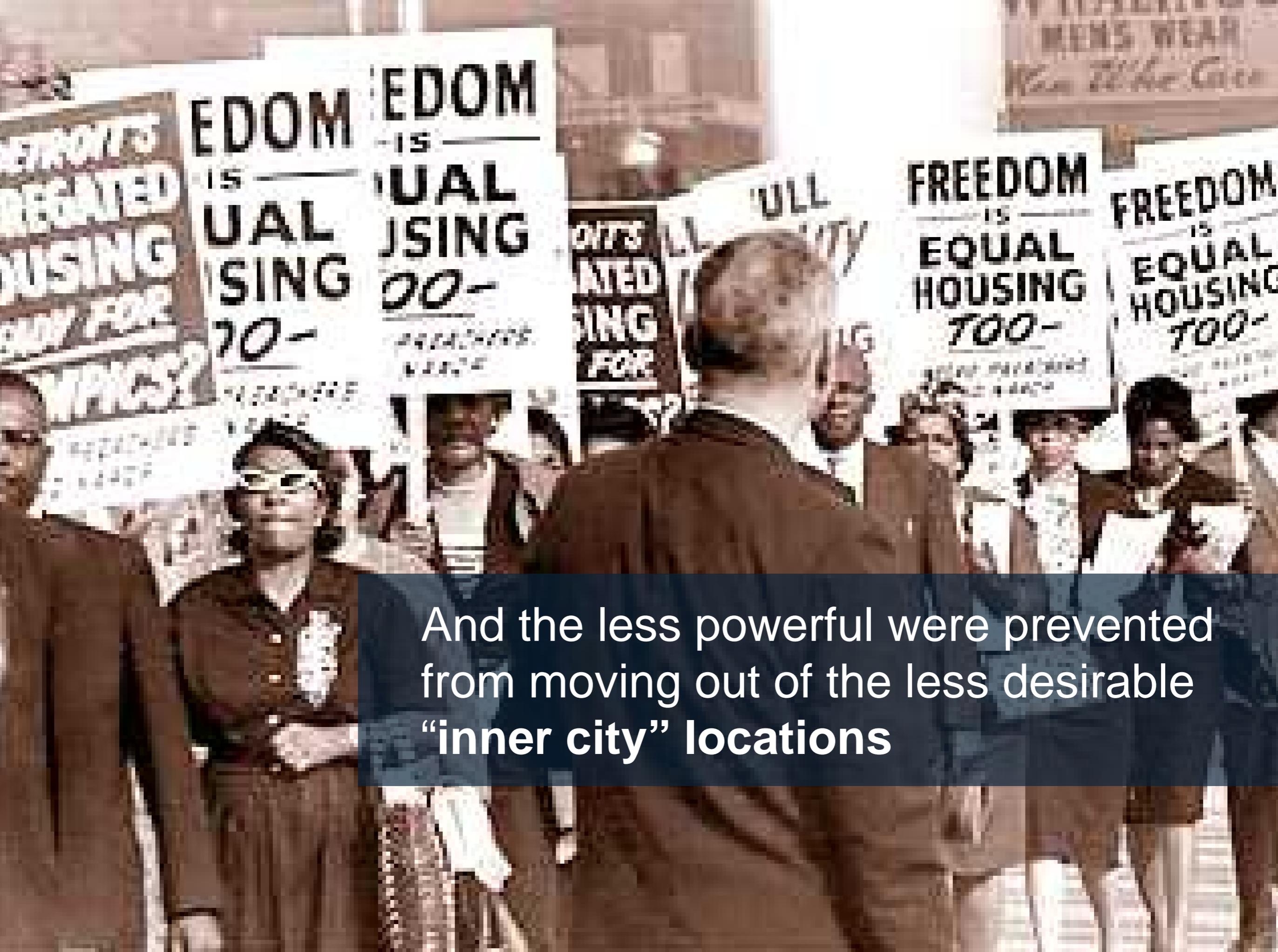




This has always been true, but 'hip' neighborhoods used to be rare

Not that long ago, the people with the most economic (and racial) power agreed that the most desirable locations were at the suburban fringe

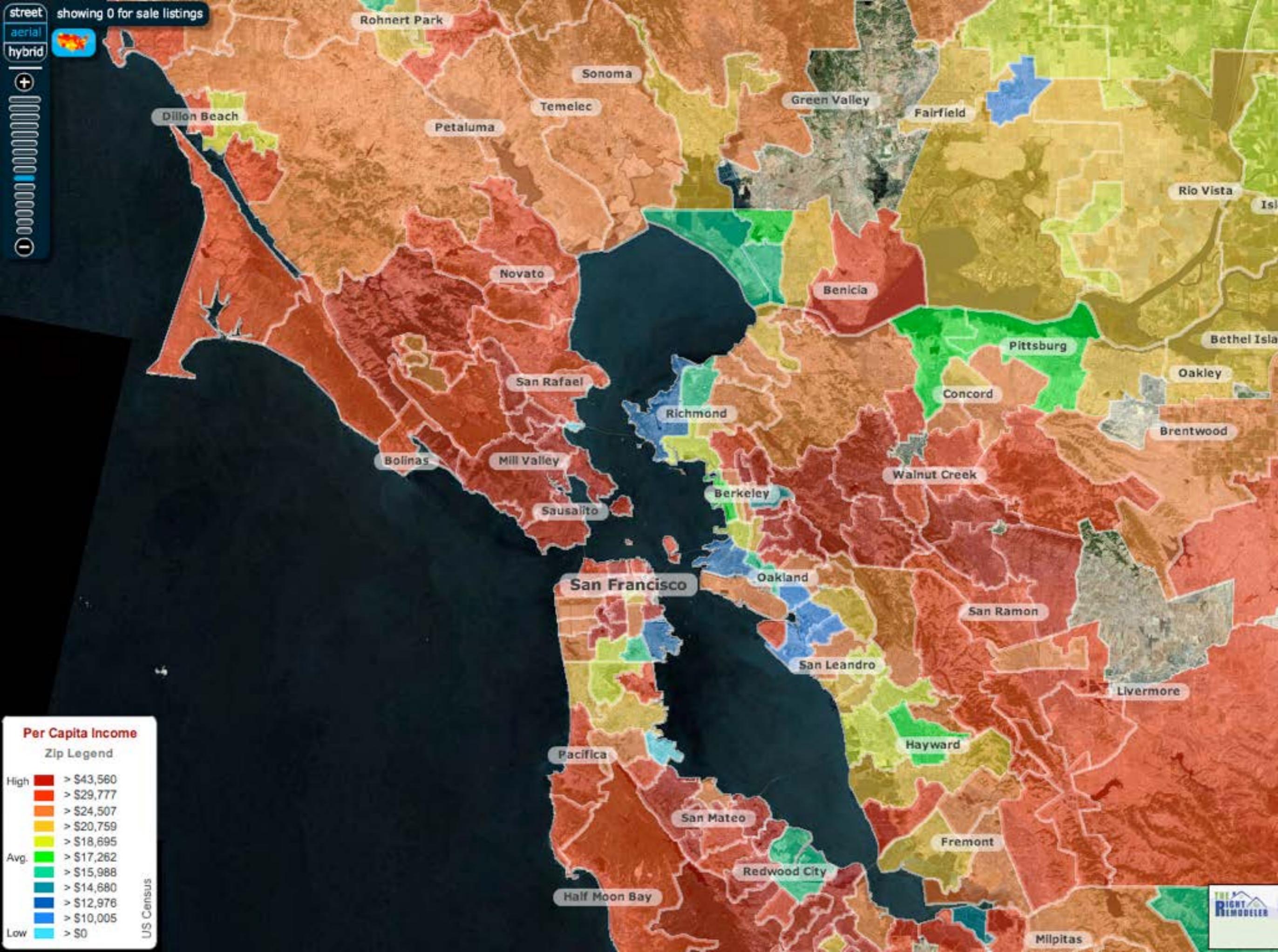




And the less powerful were prevented from moving out of the less desirable "inner city" locations

street showing 0 for sale listings

aerial
hybrid



Per Capita Income

Zip Legend

High	> \$43,560
	> \$29,777
	> \$24,507
	> \$20,759
	> \$18,695
Avg.	> \$17,262
	> \$15,988
	> \$14,680
	> \$12,976
	> \$10,005
Low	> \$0

US Census



People are moving back to the city



It is not surprising that there is conflict



The market can't deliver highly desirable neighborhoods that are also highly affordable





If we want sustainably mixed-income communities, we need a **non-market mechanism**

San Francisco

Residents of the Tenderloin weren't sure whether to celebrate or protest the arrival of the **Twitter headquarters**.



Most residents desperately want the cleaner streets and safer parks that are finally on the way
But these improvements won't do them any good if the changes mean that they can't afford to live there anymore





But there is something special about the Tenderloin.
Much of the neighborhood's housing is **permanently
affordable.**

Nearly 40% of the housing in the Tenderloin is owned by nonprofit or public agencies.



A black and white photograph of a city street scene. In the foreground, a dark blue semi-transparent banner contains text. The background shows several multi-story buildings. On the left, a building has a sign that reads "PAUL HOTEL". To the right, a storefront has a sign that reads "DAYCO". A fire escape is visible on the side of one of the buildings. The street has a few cars parked or driving, and a street lamp is visible. The overall scene is a typical urban street from the mid-20th century.

That didn't happen by accident

In the 1970s, community activists recognized that privately owned SROs in the tenderloin provided much of San Francisco's low cost housing.

They launched a proactive effort to bring those properties under **community ownership**.

Unlike most of urban America, the Tenderloin is likely to remain **economically diverse** even as it benefits from new investment.





Gentrification Vaccine?

Housing is about much more than **shelter**





Can we make mixed-income communities **normal**?



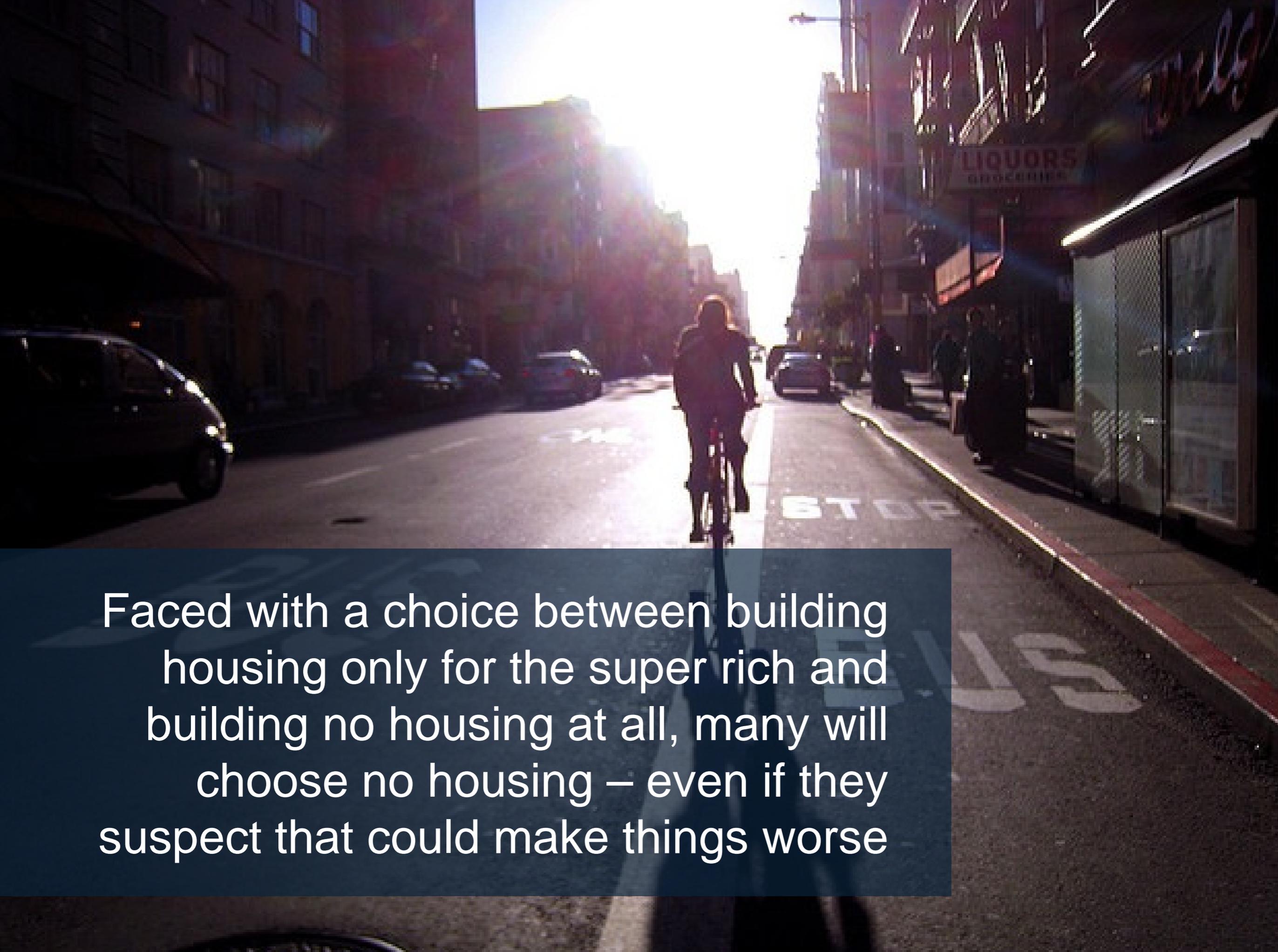
“We find that market-rate housing built in the 1990s significantly **reduces** the incidence of displacement from 2000 to 2013.”

Chappel, Karen and Miriam Zuk, Institute for Governmental Studies, forthcoming.

A multi-story apartment building under construction. The building has a mix of brick and concrete facades. A yellow crane with a red bucket is positioned in front of the building, and a red lift bucket is extended towards the upper floors. The building has several windows with blue frames. A white van is visible in the foreground.

“Both market-rate and subsidized housing reduce displacement at the regional level, yet subsidized housing has over double the impact of market-rate units.”

Chappel, Karen and Miriam Zuk,
Institute for Governmental
Studies, forthcoming.



Faced with a choice between building housing only for the super rich and building no housing at all, many will choose no housing – even if they suspect that could make things worse

A family of five is standing in front of a two-story house under construction. The house's exterior is partially covered in light-colored OSB (oriented strand board) sheathing, while the rest of the structure is exposed wooden framing. The family consists of a young man on the left wearing a white t-shirt with 'SOUTH POLE' printed on it, a woman in a striped shirt, a young boy in the center wearing a black t-shirt with 'SCAR DE LA HOYA 92', a man on the right in a grey button-down shirt, and a young girl on the far right in a patterned dress. The scene is set against a clear blue sky.

We need to make it clear that
development will benefit **everyone**

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