THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD

BOARD REPORT

	REPORT NO.: **2019-22**
MEETING DATE: **APRIL 18, 2019**	***DATE PREPARED:*** MARCH 27, 2019
SUBJECT: **POSITION PAPER: MIXED INCOME HOUSING: A CRITICAL ASSESSMENT TOWARDS HOUSING POLICY DEVELOPMENT**	

RECOMMENDATION

THAT with respect to Report No. 2019-22 (CAO Division), we, The District of Thunder Bay Social Services Administration Board (the Board), approve the Position Paper Mixed Income Housing: A Critical Assessment Towards Housing Policy Development, as presented;

AND THAT with respect to Report No. 2019-22, we, the Board, pursue mixed income housing as a social policy objective when planning future and retrofitted developments, when appropriate, taking into account best practices outlined therein.

REPORT SUMMARY

To provide the Board with critically examined theory and evidence-based outcomes of the mixed-income housing model, including lessons and best practices for policy development. The paper will begin with an historical overview, then continue on to discuss the policy rationale and theoretical underpinnings of mixed-income housing. Given that the implementation of this approach is still in its infancy in Canada, the main focus of this paper will be on lessons drawn from the Housing Opportunities for People Everywhere (HOPE VI) program in the United States, launched in 1992. The paper will conclude with a series of policy considerations should the mixed-income housing approach be implemented in the District of Thunder Bay.

BACKGROUND

Mixed-income housing has been utilized by policymakers and social housing providers in multiple Western European nations, the United States, and beyond, for decades. It is only in recent years that the mixed-housing approach has gained momentum in the Canadian context, albeit with mixed reviews. It is necessary to examine some of the main assumptions that have guided the process of integration in mixed-income housing, as well as best practices and policy considerations for implementation.

COMMENTS

Given the lessons learned from multiple mixed-income housing studies, it is recommended that, when appropriate, the Board pursue mixed-income housing when planning future and retrofitted developments, taking into account the necessary supports required in communities for positive social outcomes.

In addition to the positive social outcomes, there are also economic benefits of realizing a mixed-income housing development. By establishing a mix of market rents within a project, the revenues can be reinvested into rent supports for the subsidized units, thereby reducing the net subsidy cost of the project. Ideally, a mix of rents may be established to allow the project to be self-sustaining. As TBDSSAB is pursuing property regeneration and redevelopment, incorporating a mixed-income model would help to improve the sustainability of the housing portfolio.

It should be noted that the Canadian National Housing Strategy consultation report contains recommendations to develop policy guidelines and funding surrounding inclusionary zoning and the development of mixed-housing communities.

FINANCIAL IMPLICATIONS

There are no immediate financial implications related to this report.

CONCLUSION

It is concluded that the Board endorse the position that reducing concentrated poverty through mixed-income housing is a social policy objective that should be pursued, with the understanding that agency of low-income tenants and other supports are required to foster positive outcomes.

REFERENCE MATERIALS ATTACHED

Attachment #1: Position Paper Mixed Income Housing: A Critical Assessment Towards Housing Policy Development

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Attachment #1
Report No. 2019-22

THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD

MIXED INCOME HOUSING: A CRITICAL ASSESSMENT TOWARDS HOUSING POLICY DEVELOPMENT

Saku Pinta, Supervisor, Research and Social Policy
March, 2019

Introduction

Mixed-income housing – defined simply as "the deliberate effort to construct and/or own a multifamily development that has the mixing of income groups as a fundamental part of its financial and operational plans"[1] – has been utilized by policymakers and social housing providers in multiple Western European nations, the United States, and beyond for decades. It is only in recent years that the mixed-housing approach has gained momentum in the Canadian context, albeit with mixed reviews.

By far the largest Canadian example, the Regent Park Revitalization Plan in the city of Toronto has gained both praise and criticism for its adoption of the mixed-income housing approach. The *New York Times* and *Toronto Star* have praised the multi-year $1 billion redevelopment of the 69 acre Regent Park site, now entering its final phases, as both a model for inclusion and urban living through the mix of community housing and market condos, enhanced amenities and retail space, and racial integration.[2] Critics have pointed to problems associated with the relocation of the original tenants, who have a right of return to the new development, into distant and unfamiliar areas and who now do not have a desire to move again; the random draw method for allocating new units, with no consideration given to how long a household has lived in the community; while expressing skepticism about the likelihood that a "public-private gentrification" project can avoid "social cleansing."[3] Indeed, the issue of continued economic segregation and stigma can also be apparent in mixed-income housing. For instance, a recently approved 30-storey mixed-income housing development in Vancouver's West End, with 82 market units and 39 social housing units, drew criticism for its use of separate entrances for market and social housing tenants – or what came to be known as "poor doors."[4]

The aim of this paper is to critically examine both the theory and evidence-based outcomes of the mixed-income housing model towards drawing out lessons and best practices for policy development. Beginning with an historical overview, the paper will go on to discuss the policy rationale and theoretical underpinnings of mixed-income housing. Given that the implementation of this approach is still in its early beginnings in Canada, the main focus of this paper will be on lessons drawn from the Housing Opportunities for People Everywhere (HOPE VI) program in the United States, launched in 1992. The paper will conclude with a series of policy considerations should the mixed-income housing approach be implemented in the District of Thunder Bay.

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[1] De Vos, E., and Moore, I. "Mixed-Income Housing: The Model in a Canadian Context." p.2
https://ucalgary.ca/cities/files/cities/de-vos-and-moore_mixed-income-housing_-the-model-in-a-canadian-context.pdf

[2] See "5 ways Regent Park's revitalization is a game-changer," *Toronto Star*, May 9, 2016 and "In Toronto, a Neighborhood in Despair Transforms Into a Model of Inclusion," *New York Times,* February 28, 2016.

[3] "Inside Regent Park: Toronto's test case for public-private gentrification." *The Guardian,* December 8, 2016.

[4] "Vancouver development's 'poor doors' renew debate over segregation in mixed housing," *Globe and Mail,* August 7, 2018.

Social Housing and Poverty: An Historical Overview

In the period following the Second World War, a series of new issues confronted policymakers in Canada. Urban areas expanded at an accelerated pace in Canada, much like in most of the Western liberal democracies. Significantly, “as of the mid-1960s, Canada had the fastest rate of urban growth among the industrially advanced countries for the post-war period as a whole.”[5] Given that very little housing was constructed during the Great Depression and the World War, greater demands were placed on existing housing stock. Canadian housing policy, which had long been dominated by market-oriented approaches and a focus on home ownership, began to address social and affordable housing through amendments to the National Housing Act that included funding for public, rent-geared-to-income housing. The crowded urban slums of the early twentieth century began to be gradually replaced by large-scale public housing projects while its more affluent, upwardly mobile counterpart took the form of “urban sprawl” in suburban and exurb neighbourhoods, aided by the growth of personal car ownership and enhanced highway infrastructure.

The social policy response to increased urbanization, however, created new series of problems, particularly with issues related to the construction of large-scale public housing projects. Taking advantage of the economies of scale in construction and the purchase of land, public housing in Canada – especially in the 1960s and 1970s when large projects were constructed – tended to take the form of multifamily residential units clustered together on large tracts of land and/or in multi-storey apartment buildings. As early as 1969, The Federal Task Force on Housing and Urban Development report to the House of Commons found a "near-unanimous view" that “the larger public housing projects were ghettos of the poor; people who lived in them were stigmatized in the eyes of the rest of the community; social and recreational facilities were inadequate or non-existent.”[6] As some researchers have maintained, when public housing later became “housing of the last resort” – a process exacerbated in part by deindustrialization in the inner-cities – rather than a mix of working families and a minority of social assistance recipients, these large-scale projects geographically concentrated poverty and in effect reproduced the slums that they were intended to replace.[7]

Aside from the stigmatization of residents of large-scale public housing projects, it is often argued that these low-income areas lack resources, amenities, access to services and other opportunities, frequently leading to an increase in substance abuse and criminal activity. Moreover, historically disadvantaged racial or ethnic groups are often overrepresented in low-income neighbourhoods and, as such, these geographies of

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[5] H. Peter Oberlander et al., *Housing a Nation: The Evolution of Canadian Housing Policy* (Vancouver: Prepared by Centre for Human Settlements, the University of British Columbia for Canada Mortgage and Housing Corporation, 1992), p.81.
[6] Ibid. pp.89-90.
[7] Silver, J. “North End Winnipeg’s Lord Selkirk Park Housing Development: History, Comparative Context, Prospects” (Winnipeg: Canadian Centre for Policy Alternatives, 2006), p.63.

poverty overlap with racialized identities to a considerable degree, adding a racial dimension to economic segregation. Finally, the lack of integrated spaces is said to serve as an obstacle to the genuine democratic engagement that is fostered by the unmediated interactions that occur in shared spaces. As some scholars have noted, “class-based segregation is a fundamental barrier to urban democracy and social justice … because democracy (urban or otherwise) requires at least a tacit acceptance that there is a shared fate and future within society.”[8] Beyond large-scale public housing projects, it should be noted that a more recent general trend in some Canadian metropolitan centres is an apparent shift and/or expansion of urban concentrations of poverty from the inner-city to the inner-ring suburbs.[9]

Contemporary approaches to social and affordable housing policy and planning are in many ways responses to the “ghettoization” or geographically concentrated urban poverty that resulted from unsuccessful experiments in large-scale public housing in the post-Second World War era. Despite the widespread acknowledgement about the shortcomings of these projects, a common sentiment among researchers is that “it is easier for us to see what is wrong with class-based segregation than to convincingly affirm the transcendence of those problems through the process of integration.”[10] In order to better understand this sentiment, it is necessary to examine some of the main assumptions that have guided the process of integration in mixed-income housing, especially in light of the current affordability pressures of the housing system causing increased demand for social and affordable housing options in Canada.[11]

Policy Rationale and Theoretical Basis

While the primary aim of developing mixed income housing and neighbourhoods is to reduce urban concentrations of poverty or “ghettoization”, proponents have suggested that other socio-economic benefits can also be derived from this housing model. These assumptions are most prevalent in the HOPE VI program in the United States (discussed further below) and draws from both the New Urbanism movement in urban planning and social mix theory. Critically assessing the theoretical underpinnings of this approach to mixed-income housing is necessary for circumventing some of the potential pitfalls in its implementation. DeFillipis and Fraser summarize the four main reasons why mixed-income housing is promoted in public policy circles as follows:

1. The improved social networks/social capital of the poor people that live in [Mixed-Income Housing and Neighbourhoods].
2. The increased social control and improved social organization the poor will have if living near middle- and upper-class people.

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[8] DeFilippis J. and Fraser, J. “Why Do We Want Mixed-Income Housing and Neighborhoods?” p. 142.
[9] Ades, J., Apparicio, P., and Séguin, A-M. “Is poverty concentration expanding to the suburbs? Analyzing the intra-metropolitan poverty distribution and its change in Montreal, Toronto and Vancouver.” *Canadian Journal of RegionalScience/Revue canadienne des sciences régionales* 38:1/3 (2016). pp. 23-37.
[10] DeFilippis J. and Fraser, J. “Why Do We Want Mixed-Income Housing and Neighborhoods?” p.142.
[11] The Conference Board of Canada. “What We Heard: Shaping Canada’s National Housing Strategy.” P.9.

3. The influence of middle-class and wealthy people on the behavior of the poor—in terms of presenting role models for the poor.
4. The improved services and goods available to the poor once upper-income people live nearby (the political economy of place).[12]

As will be seen below, "there is actually little empirical evidence to support the first three reasons, and only some to support the fourth."[13] It is argued that this approach is flawed due to a:

> [F]undamental confusion about space and society. The recognition that the spatial concentration of poverty may, in many cases, lead to a worsening set of experiences of poverty, is not at all the same thing as saying that spatial concentration causes poverty. But what has occurred is that [mixed income housing and neighbourhoods], either through dispersal or redevelopment strategies, has used space to displace the issue of poverty (sometimes literally as well as figuratively).[14]

In other words, dispersal and integration alone will not lead to improvements in individual-level outcomes and poverty reduction. While it is unrealistic to assume that housing alone – as only one segment of the complex matrix of poverty – can generate positive outcomes, setting realistic and achievable objectives from the outset is critical to ensuring success. A part of this is the recognition that treating low-income individuals and households simply as a problem to be solved by dispersal is not an ethical or productive strategy.

> [I]mplicit in these understandings is the assumption—always unstated—that middle-class or wealthy people do not have anything to gain from the proximity of poor people … Poor people, in much of this language, come to be simply "a problem" that we need to spread out.[15]

Lessons from HOPE VI in the United States

The aforementioned HOPE VI is an ambitious project of the United States Department of Housing and Urban Development, launched in 1992. The purpose of HOPE VI is the revitalization and redevelopment of severely distressed public housing projects through their transformation into mixed-income housing developments. In addition to redevelopment, the program provides housing choice vouchers (or what are referred to in Ontario as portable housing benefits) to enable original public housing tenants to rent units in the private market, as well as a range of community and supportive services.

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[12] DeFilippis J. and Fraser, J. "Why Do We Want Mixed-Income Housing and Neighborhoods?" in Davies, J. and Imbroscio, D. (eds.) (2010), *Critical Urban Studies: New Directions* (Albany: State University of New York Press). p. 137.
[13] Ibid.
[14] Ibid.
[15] DeFilippis J. and Fraser, J. "Why Do We Want Mixed-Income Housing and Neighborhoods?" p.138.

Data from a comprehensive statistical analysis of the HOPE VI project for the period spanning the years 1993-2014, commissioned by the Department of Housing and Urban Development, provides insight into the sheer scale of this initiative.

- A total of $6 billion dollars was expended and a further $11 billion was leveraged from public and private sources.
- Between 1993 and 2010, 98,592 public housing units were demolished and a total of 97,389 mixed-income units were produced.
- Of these 97,389 mixed-income units, 57% were replacement public housing units, 30% were affordable or below market rate units, and 13% were market-rate units.
- A total of 43,274 units were lost from the public housing stock[16]

Existing public housing tenants were required to relocate during construction for periods ranging between a few weeks to years, depending on the size of the project and composition of the household. Interestingly, data from the Department of Housing and Urban Development reveals that original tenants occupied only 20.7% of redeveloped units.[17] This low rate of return has generated criticisms that the HOPE VI program was a program of gentrification or that the selection process favoured emerging or gentrifying markets, rather than being guided by a concern for those with the greatest need for housing. With a variety of projects in multiple locations, it is difficult to discern a general trend or to determine to what extent the HOPE VI redevelopments contributed to market trends that were already underway or, in some cases, had been stunted by urban decay.[18]

Perhaps the most significant finding in temporary or permanent relocations in the HOPE VI program nationally is that while neighbourhood-level outcomes often improve, individual-outcomes remain largely unchanged.

One revealing study of the HOPE VI project examined the city of Duluth, Minnesota – an American city with some characteristics common to the city of Thunder Bay in terms of relative size and geographic location; the decline in traditional industrial employment and an increase in the public sector as a major employer; as well as the general trend of a declining and aging population. In 2003 the Duluth Housing Authority received a $20 million HOPE VI grant for the purpose of demolishing the city's Harbor View housing project, built in 1951, and replaced it with a new, mixed-income development. The study examined the relationship between neighbourhood conditions and individual-level outcomes of families that were relocated during the demolition and redevelopment. The findings reveal that the experience of the HOPE VI project in Duluth are similar to national trends with regards to relocation:

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[16] Gress, T., Cho, S., and Joseph, M. *Hope VI Data Compilation and Analysis* (Department of Housing and Urban Development, 2016).
[17] Ibid.
[18] Popkin, S. et al. *A Decade of HOPE VI: Research Findings and Policy Challenges* (Urban Institute, 2004). p.45.

> Relocation outcomes and neighborhood change among displaced families in Duluth, for example, mirror the national pattern: most families remained in the central city and moved to neighborhoods that exhibited significantly less disadvantage on a range of measures based on census-tract data. Also mirroring national trends, the Duluth families reported very little overall improvement on a range of individual-level outcomes.[19]

In this study, it is concluded that the gap between the improvement in neighbourhood environment and individual-level outcomes is closely related to the attachment to community and the willingness of the household to relocate. Those who wished to relocate experienced greater benefits than those who did not. This is argued to confirm that the policy assumptions of HOPE VI in general underestimate the complexity of achieving the stated objective of changing socio-economic conditions, especially in the context of social networks.

> Changes in employment, income, health, and social interactions involve systems that are complex and not fully determined by environment. Perhaps the most obvious is employment and related indicators such as income and economic self-sufficiency. These and other outcomes are likely to be influenced by a mix of systems operating at different scales.[20]

Evidence from a more recent study on the Orchard Park housing project in Boston, Massachusetts provides further support for the argument that individual-level outcomes in mixed-income housing redevelopment are closely related to tenant composition, levels of displacement, and tenant engagement.

In the case of the HOPE VI Orchard Park project redevelopment, the Boston Housing Authority included the input of tenants and sought to preserve this community by maintaining the majority of redeveloped units for low-income households, allocating 85% of rental units for low-income units and 15% for market-rate tenants. Moreover, the project sought to create an income mix within the low income group. One of the most notable results of this approach can be seen in the reduction in crime rates.

> The HOPE VI redevelopment of Orchard Park into Orchard Gardens was accompanied by major improvements in neighborhood crime and safety. According to the Boston Housing Authority, violent crimes at Orchard dropped over 70% and other less serious crimes dropped nearly 60% from 1997 to 1999. These changes were part of an overall decline in crime known as 'The Boston Miracle,' but far surpassed the improvements across the city: violent crimes and other crimes citywide declined only 5.8% and 6% respectively, during the same period.[21]

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[19] Goetz, Edward G. "Better Neighbourhoods, Better Outcomes? Explaining Relocation Outcomes in HOPE VI." *Cityscape: A Journal of Policy Development and Research* 12:1 (2010). p.23.
[20] Ibid. p.24.
[21] Shamsuddin, Shomon and Vale, Lawrence J. "Hoping for More: Redeveloping U.S. Public Housing Without Marginalizing Low-Income Residents?" *Housing Studies* 32:2 (2017). pp.225-244.

Conclusions

The HOPE VI project demonstrates some of the benefits and drawbacks of mixed-income housing implementation. Most significantly, individual-level outcomes do not necessarily follow from neighbourhood improvements as community and broader supports are a major factor in the complex matrix of poverty reduction. Involuntary relocation from public housing units has not produced positive outcomes and, as a corrective, maximizing tenant engagement has shown encouraging results on both the individual and community level.

While the mixed-income housing approach is relatively new in the Canadian context, a recommendation to "develop guidelines on inclusionary zoning and encourage the development of mixed income, mixed tenure communities,"[22] has been included in the National Housing Strategy's consultation report, *What We Heard.* To date, much of the policy rationale surrounding it has been primarily focused on the long-term sustainability of the social housing sector, especially as much of the aging social housing stock nears the end of its life-cycle.

> Mixed-income housing is seen as a means to achieve greater economic or financial sustainability than traditional social housing while meeting the mandate of providing affordable housing. This is because housing providers can charge market rent rates to higher-income households and thus generate greater revenue than a traditional social housing building, but also include lower rents to ensure those in housing need can find housing affordability."[23]

Though the long-term financial sustainability may be improved through a mixed-income housing model, this approach can reduce the overall number of RGI and affordable housing units. Where properties are regenerated to include a mixed-income tenancy, additional resources may be required to access or develop further housing units to maintain the number of units meeting current financial support levels.

Aside from the undeniable importance of financial considerations, a comprehensive 2017 Canadian study provided an inventory of mixed-income housing best practices that serve as a compelling guide for policy development.

1. Building and unit characteristics: Market-rate and subsidized units are typically indistinguishable from each other in terms of quality or amenities. Ground-floor commercial space is sometimes included to generate additional revenue although the desire to integrate social enterprises in order to benefit the broader community was frequently noted.

[22] The Conference Board of Canada. "What We Heard: Shaping Canada's National Housing Strategy." P.17.
[23] "Mixed-Income Housing: The Model in a Canadian Context," p.3.

2. Resident interaction: Resident interaction was reported as being moderate, generally impacted by developments with more children and pets, and tensions mostly resulting from personal differences rather than on the basis of income. Communal areas such as “common rooms, rooftop or garden terraces, resident barbecues, potting areas, community gardens, computer rooms, after school programs for resident children such as homework clubs, community kitchens, and local beekeeping” support positive interaction and foster community.
3. Governance and participatory mechanisms: Two participant organizations in the study employed a committee structure that “mirrors the operational structure of their organization,” which was argued to best exemplify the inclusion of all tenants in the governance of the housing organization. “There are five committees in total (membership and communications, development, property management, rental, and finance) and they perform oversight of these same departments within the organization’s operations.”
4. Income mix: The income mix varied between participants based on operating costs and capital structure. Flexibility and utilizing unregulated units allowed many participants to distribute lower end of market and rent-geared-to-income (RGI) tenants throughout their portfolios while allowing tenants the choice to remain in a unit if their life circumstances changed. Overall most participants offered a mix that featured “(a) some deep subsidy or low income units, (b) some RGI or a product that, while also deeply subsidized and targeted to low income households, can also be offered to those of moderate incomes, and (c) at- or near-market rental units targeted to middle or high income households.”
5. Support services: All but one of the participants in the study had support services with none of these services delivered directly and most offered off-site. “Contracted support services typically included areas such as: addictions counseling, mental health support, physical and emotional disability supports, supports for young parents and supports for women fleeing abuse.”
6. Tenant support workers: Two participants in the study had innovative tenant liaison structures, or a Social Integration Department and Resident and Community Services branch, respectively. Tenant liaisons intervene in instances where a tenant requests support or if a property manager notices issues in behaviour or payments. The tenant liaisons offered specific referrals depending on need and assisted in other areas such as filling out forms or system navigation.[24]

Reducing concentrated poverty through mixed-income housing is a social policy objective that should be pursued, but implementation must begin with an understanding of the strengths and agency of low-income tenants and the necessary supports, beyond housing, that are required to foster positive outcomes.

[24] “Mixed-Income Housing: The Model in a Canadian Context.”