Background guide for

Breakout Session 3: Creating Housing Opportunity and Building Mixed-Income Neighborhoods

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Breakout Session 3:
Creating Housing Opportunity and Building Mixed-Income Neighborhoods

Jason Beery, Ph.D. & Jamil Bey, Ph.D.
UrbanKind Institute

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This report was prepared at the request of the Heinz Endowments to provide additional perspectives to participants attending the p4 Conference, in Pittsburgh, October 18-19, 2016. Opinions or points of view expressed herein represent a consensus of the authors and are presented for informational purposes to expand the space for conversations around equity, justice, and inclusion in the Pittsburgh region. Opinions and recommendations do not necessarily represent or constitute approval, adoption or endorsement by the Heinz Endowments or the facilitators of the respective sessions.

Correspondence concerning this article should be addressed to Tayler Clemm, UrbanKind Institute, 611 Curtin Ave., Pittsburgh, PA 15210. Alternatively, you may contact, Tayler electronically: tayler@urbankind.org

Creating Housing Opportunity and Building Mixed-Income Neighborhoods

Over the past ten to fifteen years, many of Pittsburgh's neighborhoods have undergone substantial change. Large public and low-income housing buildings and complexes have been demolished, particularly in East Liberty, forcibly displacing thousands of mostly African-American families, with little concern or concession for the disruption and destruction of their daily lives and the established sense of community and place. In the East End, large, city-endorsed economic development projects, including Eastside, Bakery Square, and Target, draw upon the wealth of Shadyside, Point Breeze, and Highland Park. There, market-rate apartments, expensive restaurants, and trendy stores now cater to the lifestyles of the professional and "creative" classes (mostly European-American) attracted here by Google, RAND, Uber, and others. In the southern neighborhoods, St. Clair Village contained 680 units. The Pittsburgh Housing Authority raised the site in 2010. The current proposal for the 107-acre parcel is to create Hilltop Farm and homes, a community garden surrounded by 60 market rate homes (priced around $250,000) and 60 lower-than-market rate homes (priced around $1,100 per month).[i] In other neighborhoods, like Lawrenceville, where no major housing buildings were demolished, many long-time residents can no longer afford to rent or buy. This follows an influx of wealthier residents also in search of "walkable" neighborhoods with hip cafes, expensive restaurants, and trendy stores. While such changes have made these and other neighborhoods safer places to live for new residents and those old residents able to stay, the displaced residents are not around to enjoy them. Residents of many other areas – the Hill District, Uptown, Soho, Garfield, Larimer, Homewood, Wilkinsburg, Hazelwood, Allentown, Beltzhoover, Knoxville, the North Side, and Millvale – already see similar changes coming down the road.

This guide addresses housing opportunity in the context of this process of neighborhood transformation. It begins with a discussion of the affordable housing crisis in Pittsburgh, followed by a description of several schemes and projects that seek to ameliorate the situation. The guide presents some of the short-comings of these schemes and highlights the intersections of housing and the other p4 workshop topics.

Gentrification and the Housing Crisis

Pittsburgh faces a housing crisis. Across the region, municipal authorities and developers continue to raze public and low-income housing units and developers continue to build market-rate units. "Affordable" housing is generally considered to mean paying 30% or less of household income on housing. A recent survey and report commissioned by the City of Pittsburgh reveals some startling statistics. For renters, there are only 34 units of affordable housing per 100 residents earning 30% of the Pittsburgh median household income (MHI - $40,009 in 2014), 41 units per 100 residents earning 50% MHI, 75 units per 100 residents earning 80% MHI, and 90 units

per 100 residents earning 100% MHI. This means that at every level of household income up to and including the city's median household income, there is a shortage of affordable housing rental units. That shortage is the greatest for those households with lower incomes. In total, there is a shortage of almost 15,000 housing units for those households earning 30% MHI.[ii]

The situation is getting worse. The supply of income-restricted apartments does not meet demand: There are only 15,809 affordable units for the over 71,000 households earning at or below 80% MHI. The supply of these income-restricted units will decrease in coming years as some buildings will be demolished and income-restrictions will expire. At the same time, the supply of market-rate housing is increasing. There were 2,158 new market-rate units constructed between 2012 and 2015. Over 2,100 more are currently planned.[iii] Of the units recently constructed, even the studio apartments rent for 125% MHI, leaving them well outside what the majority of Pittsburgh households can afford.[iv]

The availability of affordable units for homeowners (or those considering buying) is better, but still not sufficient. At all levels of household income up to and including the city's MHI, there is a shortage of affordable housing homeowner units. The shortage is not as bad as it is for household renters at or below 100% MHI. Other barriers to affordable homeownership for lower-income residents make matters worse, however. Low-income residents must be able to meet certain necessary conditions, such as a sufficient credit score, to purchase a house. If they succeed in meeting necessary conditions to purchase an affordable house, they must then be able to afford the rehabilitation of the house and the maintenance required.[v] This includes mitigating structural issues, removing lead paint, replacing lead-leaching water lines, and paying higher waste water rates to pay for ALCOSAN's upcoming large-scale infrastructure projects.[vi]

That is the situation for those paying 30% of their income on housing. Because of the limited supply of affordable housing and the limited incomes of the household, many households end up paying much higher proportions of their incomes on housing. These households then face constraints in what else they are able to afford.[vii] This situation may lead to less money available for food, leading to hunger, food insecurity, and their negative effects, or for healthcare, leading to less preventive care, less treatment, and worse health outcomes.

As a result of housing demolition and increase in rent and housing prices, many residents are forced to find housing in new neighborhoods. Much of what affordable housing does exist is outside of the neighborhoods seeing the large investment in development projects or the rapid increase in rent and housing costs. This has led to the displacement of long-term residents and disruption of their communities (and the negative mental health effects of this on individuals and the community).[viii] Recently, for example, those residents forced out by the sale of Penn Plaza Apartments in East Liberty have encountered difficulty finding affordable units elsewhere in East Liberty.[ix] Many of the displaced residents now have moved to far away neighborhoods disconnected from jobs and public transportation (e.g. west side neighborhoods, Duquesne, and Clairton – with its toxic air).[x] As many of these displaced residents are African-American, many see the removal of affordable housing in East Liberty and the

construction of market rate housing and trendy stores catering to predominately European-American communities as a contemporary form of colonialism.

Proposed Solutions

To address this crisis, the city and local non-profits have offered several solutions. These solutions include strategies that directly pertain to creating affordable housing and others that focus on advancing the development of mixed-income housing and neighborhoods. Due to space constraints, only some are highlighted here.

Perhaps most notably, the City of Pittsburgh recently assembled the Affordable Housing Task Force. After over a year of work, the task force proposed several mechanisms to make more affordable housing available and to protect the ability of low-income residents to stay in their neighborhoods. Its proposals include: the creation of an affordable housing trust fund, increased utilization of a certain low-income tax credit, prioritizing the inclusion of affordable housing in all developments in the city that receive public benefits, the monitoring and preservation of existing affordable housing units, and the implementation of programs and policies (e.g. reassessment spike controls) that protect existing tenants and homeowners. The central component of these recommendations – the trust fund – is currently being discussed in city council. It seeks funding of $10 million per year that would be used for the preservation and modification of existing units, the creation of new units, the rehabilitation of owner-occupied homes, and the purchase of vacant structures. Through these efforts, the fund could make approximately 6,800 affordable units available over the next ten years.[xi]

Related to the Task Force's recommendation to prioritize the inclusion of affordable housing is the p4 housing metric. The p4 metrics seek to shape how development takes place by incentivizing developers to include certain aspects and achieve certain standards in their development. In the p4 housing category, development projects will receive up to six points based on what percent of the units they are constructing are affordable at which percent of the area median income (AMI) [Note: AMI differs slightly from MHI discussed above. Whereas MHI is the median income among all households in one area, AMI is the median housing income for an entire metropolitan statistical area. Here, MHI refers to the City of Pittsburgh and AMI refers to Allegheny County and the seven counties that surround it. In 2014, MHI was about $40,000 and AMI was about $52,000[xii]]. The greater the percentage of units affordable to households earning less than or equal to 30% AMI, the more points the developer earns. Additional points are available for developments with multiple housing unit types and various design features.

In 2014, Pittsburgh City Council approved an ordinance for the creation of a city-wide land bank. The land bank, a separate public entity, is designed to "amass, inventory, manage and market blighted, abandoned and tax foreclosed properties that are sitting deteriorated and unused" with the goal of reselling the properties to "responsible" owners. The idea is that the improved properties will "revitalize local housing markets, raise property values, and improve community infrastructure."[xiii] The construction of the land bank is underway. Similarly, Lawrenceville United has

established a community land trust to ensure that some properties remain affordable for low-income residents. Unlike the city land bank, which will resell vacant lots and properties, this land trust would purchase the property and rent the house at an affordable rate.[xiv]

Other large-scale projects seek to develop mixed-income, environmentally-friendly neighborhoods. Although it was not intended as a solution for the housing shortage, the Pittsburgh Penguins' planned LEED-certified development of the former Civic Arena site in the Lower Hill District includes some temporarily affordable housing. Following a deal reached with Hill District community leaders and city officials, the Penguins must include in the development 15% of the units for households making 80% AMI and 5% of the units for households making 60-70% AMI. The Penguins have until October 21st to purchase the land or will face losing its development rights.[xv] In Larimer, construction is proceeding on 350 unit mixed-income neighborhood development made possible through a $30 million Choice Neighborhoods Grant from the US Department of Housing and Urban Development.[xvi] A nearly-complete first phase of development partially financed through this grant is on the former sites of three federally subsidized housing buildings. It includes 29 market rate units and 56 units available to households earning 60% AMI or less.[xvii] A third development project is currently in the planning stages in Uptown, Soho, and West Oakland – between downtown and Oakland along Fifth and Forbes Avenues. This "Ecoinnovation District" aims to "improve the environment, support the needs of existing residents and expand entrepreneurship and job growth."[xviii] Interest in these low-income neighborhoods with predominantly African-American populations is based on the prospective bus rapid transit development connecting downtown and Oakland and the associated development that would ensue. Concerns about maintaining and constructing some affordable housing in the district appear in the initial plans.[xix]

Critiques and Absences

As promising as these proposals sound, it is not entirely clear how they will solve the affordable housing crisis. Considering that there is currently a 15,000-unit shortage in affordable housing for households making 30% of Pittsburgh's median housing income, these various schemes and projects, while inclusive of mixed-income and affordable housing, only make a dent in the number of units needed. The Affordable Housing Task Force's proposed Housing Opportunity Fund would potentially create around 6,800 *over a ten-year period*. That equates to only 680 newly available affordable units each year. The total number of units proposed for other planned and proposed developments (also years away from completion) do not come close to providing enough housing for those who need it, now or in the future.

The fixation on affordability through a singular lens that only includes the costs associated with living there (rent and utilities) obscures the actual costs of displacement, which often increases costs in transportation and decreases access to medical care, social networks, jobs, and nutritious food sources. Looking at the numbers involved is a quantitative way to look at a crisis that extends beyond raw numbers. Clearly, the crisis faces individuals and their households, who find it difficult to find affordable units in the

neighborhoods where they might have resided for decades. But it also affects their communities and the neighborhoods. The involuntary relocation of individuals that results from the razing of neighborhood low-income housing and the increases in neighborhood housing prices disrupts the bonds and networks of communities, with negative psychological effects for the individuals and communities.[xx] The construction of market-rate developments (even if they include some percentage of affordable units) and the stores and restaurants that cater to the new, wealthier, and more predominantly European-American inhabitants of those developments physically transform the built environment and reconfigure the social dynamics of the neighborhood to reflect the interests of the incoming group. In essence, one community is replaced with another; the neighborhood is transformed. Even for those individuals and households who find a way to stay, they may be in the same house, but it is not the same community or the same neighborhood.

Many long-term neighborhood residents feel that they have been excluded from top-down processes that have greatly transformed their communities and neighborhoods. Many former East Liberty residents felt they had little voice in the decisions to demolish the neighborhood's low-income high-rise buildings.[xxi] Hill District community groups had to fight for their community's interests the Penguins' Civic Arena redevelopment plan.[xxii] Some plans, such as the p4 metric for "Community" and the EcoInnovation district, emphasize the need for and importance of community participation. The participation that they call for, however, is participation in *how* development takes place in their neighborhood, rather than *whether* or *in whose interest*. Conversely, what some neighborhood groups call for is a more democratic process through which communities - not municipalities, developers, or non-profits - decide whether, how, what, and for whose benefit development proceeds. The Northside Coalition for Fair Housing organized along these lines to prevent the eviction and displacement of over 300 families from expiring affordability requirements. They have succeeded in securing long-term, quality affordable housing for neighborhood residents.[xxiii] This form of community and neighborhood self-determination demonstrates a difference between community participation in top-down projects and projects that are community-led – or at least where they are included as partners in decision making.

Intersections

The affordable housing crisis intersects with the other p4 workshop topics in several ways, some of which have been mentioned in passing. One key component of affordable housing is the quality of the housing. The housing needs to be environmentally safe: it needs to be free of lead paint and dust, mold, and indoor air pollution. Owners of affordable single-family housing units must also be able to afford potentially costly increases in water and sewage rates and be able to afford replacing the water lines if the pipes are made of lead. Much affordable housing in the region is not accessible to public transportation or to stores that sell fresh produce. Some of it is in areas, like the Mon Valley, with higher amounts of air pollution. Failing to provide and create healthy, environmentally-friendly housing and neighborhood conditions for residents of all incomes, races, and ethnicities risks creating a Pittsburgh region that is

"separate, but eco" – one in which the healthy conditions are only accessible to the wealthy.[xxiv]

As has been mentioned, the disruption of communities through involuntary displacement has a traumatic effect on the residents and the community. Part of this trauma stems from the community members no longer being able to interact and bond over shared neighborhood experiences. Another part stems from the arts and culture of the community no longer being represented in the neighborhood. Obvious examples include the razing of the lower Hill District and its jazz clubs to make way for the Civic Arena and Chatham Center sixty years ago and the removal over of a beloved mural of a girl and three African-American boys on a prominent building in East Liberty. Such cultural erasure reflects the removal of residents.

Most obviously, what happens to low-income residents who cannot afford housing is intimately tied to economic prospects of the city and region. Policies dedicated to luring technology companies and the "creative class" may put further strains on the affordable housing crisis, as new wealthier young workers move to affordable neighborhoods and drive up rent and housing prices. Mixed-income housing developments may help accommodate the desires of the professionals and the needs of some lower-income residents for affordable housing, but it is unlikely to solve the crisis. Focusing on mixed-income developments as the solution elides an underlying problem of why low-income households cannot find housing: they do not earn enough money. Future economic policies that attend to increasing the skills and income of currently low-income residents, such as higher minimum wages and support for service industry unionization, may work to enhance housing opportunities for some.

As these projects continue to be built in many parts of the city, it is necessary to consider how these construction projects contribute to climate change. Some of the developments – the Civic Arena site, Larimer Choice Neighborhoods, and the Ecoinnovation district – recognize the need for environmentally friendly design. The p4 metrics do, too. But they do not account for the contributions that such large-scale construction projects make to greenhouse gas emissions and to air pollution elsewhere, where the materials are made, and here, where the diesel-engine trucks will transport them through the neighborhoods. Neither do they account for the in-migration of climate refugees, rich and poor, from cities and towns that may soon no longer exist.

Conclusion

An affordable housing crisis exists in Pittsburgh. There are several schemes and projects underway to make affordable housing more available and to enable some current low-income residents to stay in their home or neighborhood. These schemes and projects likely will not solve the affordable housing crisis: there are simply not enough healthy, accessible units, currently or planned, for the number of low-income residents who need them. Development projects are transforming neighborhoods and transforming the communities that occupy those neighborhoods. Many residents seek a stronger voice in determining what happens in their neighborhood. As political, economic, and environmental changes continue, recognizing low-income residents' voices and desires for

democratic processes and self-determination may be necessary to ensure the creation of a "just Pittsburgh."

Key Questions

- With such a large shortage of affordable units, where will low-income households find affordable housing in the short term? In the longer term?
- How and where should new affordable housing be built? Where should market-rate housing be built?
- In what ways can individuals and households be protected from displacement? In what ways can communities be protected from disruption caused by the displacement of their members and the influx of new people and "amenities" that do not align with the existing culture? In what ways can neighborhoods be protected from unwanted changes to the built-environment?
- How will the construction of mixed-income developments alleviate the housing crisis?
- How can low-income residents remediate poor environmental conditions (e.g, have lead paint and volatile organic compounds removed) in existing homes and apartments? How will they pay for lead water pipe replacement? How will they pay for increases in sewage rates?
- How can residents meaningfully participate in decisions affecting their communities and neighborhoods? How can they avoid being displaced?

Suggestions for further reading

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