STARTING OVER . . .
and DOING IT RIGHT

Public Housing Transformation Projects
That Build Healthy Communities

Prepared for the
Futures Forum on Public Housing Transformation
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by Mindy Turbov
with Patrick Barry
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Mindy Turbov

The Futures Forum on Public Housing Transformation

The Futures Forum is a three-year-old public discussion about the practice of community development and how it can be improved. On February 26, 1999, the Futures Forum Subcommittee on Race and Regionalism convened 140 Chicago-area residents to develop strategies for successful public housing transformation in the region. This report was presented to participants to provide background information on redevelopment efforts around the country.

For more information about the Futures Forum, contact Barbara Beck at Local Initiatives Support Corporation / Chicago, 312-697-6110.
STARTING OVER . . . and DOING IT RIGHT

New ways to provide public housing, and new challenges, too

The broken housing towers that have scarred America’s cities for decades are coming down. Political leaders and public housing residents around the country are taking advantage of new regulatory flexibility to radically reshape dozens of communities. Private money is being put to work; new partners are being recruited; contemporary designs and private management are becoming the norm.

Where “projects” once stood, neighborhoods are being built — real neighborhoods with brick townhouses, working families, single-family homes and, finally, decent housing for low-income families.

The transformation of public housing began in the early 1990s when Congress created HOPE VI, a flexible program to comprehensively address entire public housing sites from bricks and mortar to social and employment programs. Congress has appropriated about $500 million annually since 1993, and with bipartisan support, HOPE VI has survived every budget-cutting effort.

The case studies in this report show that public housing and its residents can be successfully integrated into a vast range of communities from new suburban developments to historic neighborhoods to former public-housing ghettos.

With new partners and new resources, cities are building neighborhoods where the "projects" once stood

Still, for every success there have been failures, delays and pitfalls. Rebuilding public housing requires clear vision, political will, compromise, education, and inclusion of residents and neighbors. Bringing key players to the table and keeping them there for a complex, multi-year effort demands leadership of the highest caliber, plus a collective ability to discuss and resolve issues of racism, class distinction, poverty and disinvestment. Even success is difficult because it brings more issues to the forefront: displacement, gentrification, winners and losers.

Public housing in the last four decades has concentrated the poor into tightly defined neighborhoods. Most new developments have tried to break that pattern by reducing the total number of housing units, adding market-rate rentals or for-sale homes, and relocating some residents with Section 8 housing certificates.

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LOUISVILLE

One of the single-family home styles being built at the Park DuValle redevelopment site.
New ways, new challenges

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The strategy seems to work, but the question remains: Are some neighborhoods being improved at the expense of others? Most redeveloped sites require rigorous resident screening, criminal background checks and work requirements. The least-able and most anti-social residents are prevented from returning. Yet they must live somewhere.

Of all America’s cities, Chicago faces perhaps the greatest challenge in trying to redevelop its public housing. Densely concentrated and severely deteriorated, the Chicago Housing Authority housing developments are among the worst in the nation. Of CHA’s 40,000 units, approximately 19,000 have failed HUD’s viability test. Most of those are likely to be demolished.

Some residents will move to new communities on the same site, places like West Haven near the Henry Horner Homes, or the Orchard Park townhomes near Cabrini-Green. Thousands of other families will relocate throughout the region, in scattered sites, new developments and existing rental buildings.

Creating the mechanisms and partnerships to make this transition a success is a challenge of great magnitude — and also great promise. Public housing redevelopment is a major civic opportunity to build healthy communities.

Result of market failure, public housing now includes private sector approaches

Born of the New Deal in 1937, public housing was a response to the most significant market failure in U.S. history: the Depression. First intended as temporary low-cost space for economically dislocated families, public housing was expanded at the end of WWII into a major construction program to jumpstart the economy. By the 1950s, it became a tool of slum-clearance and urban renewal, and from there evolved into permanent housing for a mostly low-income African-American population.

Developed outside of traditional market forces, public housing was located where land was cheap or on urban renewal land, with little regard for customer satisfaction and neighborhood economies.

Long managed by highly regulated independent authorities that were asked to become social service providers, public housing today is being returned to its original function as a real estate business. Housing authorities are focusing on the core business of developing, marketing, managing and maintaining rental housing. Many are contracting with more-capable partners to provide social services.

Private sector involvement became possible in the mid-1990s when HUD allowed housing authorities to partner with private developers to create mixed-finance developments, including private ownership and management.

This attracted a host of new stakeholders, from neighborhood residents and city and state agencies to urban designers and developers, lenders, equity investors, major institutions and corporations. This joining of many interests is redefining public housing in America.
There are now many examples of public housing that works. Though conditions are different in every city and local resources vary, many projects use similar tools or approaches:

- **Leadership and political will** are essential. Overcoming multiple obstacles requires a vision and perseverance. Most projects have active involvement of the mayor and other local leaders.

- **New stakeholders** are coming to the table. Community organizations, city government, state government, corporations and nearby institutions are taking ownership in the redevelopment process.

- **Resident involvement** and buy-in is crucial; it may include surveys of residents, attendance at planning and design meetings, employment opportunities, small-business creation and youth-scholarship programs.

- **“New urbanism” design** is embraced in many developments because it helps rebuild community ties. Restoring streets and sidewalks, adding porches and back yards, creating distinctive community centers all contribute to a sense of neighborhood.

- **Mixed financing** uses private sector development tools to leverage additional private dollars. Private financing brings rigorous underwriting, oversight and project management.

- **Mixed-income development**, both rental and homeownership, is intended to attract residents with a range of incomes. Up-front subsidies, low-interest loans and homeownership counseling help working-class neighbors and former public housing residents buy a home. Middle-income buyers are attracted with quality construction, amenities and locational advantages such as proximity to transit or job centers.

- **Emphasis on employment** is common. Residents are told as they apply for housing that employment, skills training or education are expected. Work is encouraged through financial structures such as rent ceilings; peer support; on-site job clubs, and sometimes through provisions in the lease.

- **Amenities and quality construction** are essential to attract middle-income residents and build self-respect among those moving from public housing. Air conditioning, washers and dryers, swimming pools and Internet wiring are common to successful projects.

- **Reduced density** is planned in, with the number of units reduced by one-half or more in some cases. While one-for-one replacement is no longer required by federal regulations, a credible plan to avoid displacement, such as use of rent vouchers, is essential.

As important as any of these: a clear strategy and a teamwork approach that assigns duties based on the skills and resources of participants.
ATLANTA

Olympics as leverage, downtown as lure: Mixed-income success

Centennial Place in Atlanta doesn’t look like public housing. New apartments and townhouses have architectural details reminiscent of a historic neighborhood. There are balconies, patios and tot lots; Internet wiring, security systems, washers and dryers. Nearby are a swimming pool, new school, new YMCA and historic Carnegie library.

What were once impenetrable, neglected superblocks are now tree-lined streets just blocks from downtown. And everyone wants to live there.

It took the Olympic Games and a pioneering private-ownership approach to reverse the fortunes of the 1,081-unit Techwood and Clark-Howell public housing developments. Despite proximity to Coca-Cola’s world headquarters, Georgia Tech College and Atlanta’s massive convention palace, the Georgia World Congress Center, the 50-acre site with its worn-out buildings and depressed population seemed an unlikely prospect for market-rate housing. The naysayers were wrong. The first of five construction phases broke ground before the 1996 Olympics. Though market-rate units were mixed almost evenly among subsidized apartments, demand was so high that rents were raised twice. Original plans called for $900 market rents for three-bedroom apartments. They’re now at $1,600.

When completed in 2000, the 900-unit development will have a household mix of 40 percent very low income (“public housing”), 20 percent with incomes under 60 percent of the median (using the Low-Income Housing Tax Credit) and 40 percent at unrestricted rents. More than 350 units are completed; 185 are under construction. Homeownership units are part of the mix.

**Mixing finance first, then income levels**

Centennial Place, known as a “mixed-finance” development, is privately owned and managed. Approved by HUD in 1994, the mixed-finance approach uses public housing dollars to attract private investors that would not otherwise invest in public housing. Mixed-finance projects are managed like market-rate developments; standards remain high to retain market-rate tenants.

Private money, new stakeholders create an attractive community where income levels are mixed

The private-sector orientation is central to Centennial’s success. Developers McCormack Baron & Associates, Inc. of St. Louis, a mixed-finance pioneer, and the Atlanta firm Integral Group, LLC, built and manage the properties with the high end of the market in mind. Quality construction, tough screening, attentive management and security were necessary to lure Atlantans to a former public housing site.

In each of the project’s first three phases, about $5 million in federal Hope VI funds were combined with $4 million or more in private equity and a first mortgage of about $4 million. The developers lease the land from the housing authority.

The “income-blind” approach means units are identical inside and out; in fact, the units rented to low-income families “float” depending on vacancies. This avoids concentration of one class of tenants in one section of the development.

Current status: demand remains high for both the market-rate and subsidized apartments.
MORE on ATLANTA

Mixed finance approach: more building blocks, bigger impact

Atlanta’s Centennial Place is an example of how a mixed-finance structure can improve the quality of public housing. Centennial looks and operates like a private development even though it includes public housing residents. Management is the same for subsidized and non-subsidized renters, and units are interchangeable, with none designated only for public housing.

Private sector discipline -- and dollars invested -- help prevent complex deals from bogging down; most of the HOPE VI projects that are complete or under construction used mixed financing. The structure also encourages each entity to stick to its core business. Public housing authorities can provide development capital, communicate with residents and create training opportunities and social services. The private partners can attract investors, move quickly on management needs and market the development to new residents.

Recruiting the stakeholders

Among the active parties were residents, Coca-Cola, Georgia Tech, Sprint, Public Schools, YMCA, and the Atlanta Committee for the Olympic Games.

Olympics as deadline

The 1996 games, with Olympic Village across street, provided impetus to make it work. Housing was part of broader downtown redevelopment.

Getting residents on board

Developing trust took time, effort. Some took vouchers and moved to other areas; those who returned made commitment to work, school or training.

Building a new school

Stakeholders rejected plan to rehab a low-performing school, created new science and math academy. Georgia Tech designed curriculum. Coke employees are tutor/mentors.

Library, YMCA, and more

YMCA, in historic building, offers child care, family programming. Abandoned Carnegie-era library rebuilt, along with new streets, sewers, water mains, sidewalks.

Private finance = oversight

With multiple investors, stakes are high to maintain quality; equity investors can move faster than a housing authority to make changes.

Contacts: Renee Glover, Executive Director, Atlanta Housing Authority, 404-817-7200; Egbert Perry, Managing Principal, Integral Group, 404-817-0500; Richard Baron, President, McCormack Baron Associates, 314-621-3400.
LOUISVILLE
Looking beyond public housing to address whole neighborhood

Public housing in Louisville, as elsewhere, was rarely the focal point of a neighborhood redevelopment strategy. Just the opposite. The Housing Authority of Louisville (HAL) wasn’t even at the table for Empowerment Zone planning, even though it was the biggest landlord in the Park DuValle community.

That changed when HAL approached Mayor Jerry Abramson about a revitalization plan for the Cotter and Lang Homes. The Cotter Homes were one of the housing authority’s more troubled developments in an otherwise high-performing agency. The isolated, barracks-style development of 616 units was scheduled for a major renovation. When the mayor and HAL leadership stepped back, they saw a bigger picture:

- Renovation costs were almost as high as new construction.
- The 500-unit Lang Homes across the street needed attention as well.
- A nearby 374-unit FHA development was in worse condition than Cotter and Lang.
- Surrounding vacant land, highways and industry provided little sense of community.

Prior to this rethinking, the prospect of Empowerment Zone designation had led to creation of a 100-person planning group to study the larger area. The city was also creating a community development bank to serve the West End, including the Cotter and Lang area. And the Park DuValle Neighborhood Council, comprised of residents and small business owners, was thinking about larger-scale improvements.

All these factors suggested the potential for large-scale, catalytic change. So the city and housing authority, working with state agencies, the city redevelopment authority, public housing residents and HUD, developed a full-scale plan. It called for demolition of all 1,116 public housing units, acquisition and demolition of the FHA property, and creation of a mixed-income, mixed-finance development with 613 rental units and 450 homeownership units, both with varying degrees of subsidy. An additional 665 off-site rentals or Section 8 certificates assure housing is available for displaced residents.

HUD awarded $31 million in development funds in 1995 and $20 million in HOPE VI funds in 1996. This was matched with $38 million in private equity, $43 million in private debt and about $40 million in other public funds.

Mayor Abramson chaired a policy board (and attended every meeting) that includes neighborhood residents, public housing residents, the HAL executive director and two HAL commissioners. A project management team includes executives from the city and housing authority along with developers and nationally respected consultants.

The new Park DuValle neighborhood, to be built in five phases, is now emerging. Phase I is complete, with 100 rental units including 59 for public housing, 21 with rent subsidies and 20 at unrestricted rents. Demand is strong. Phase II is under construction and the innovative homeownership program is underway, with eight homebuilders and 30 different house designs. Some homes are selling for up to $250,000.

Factors for success
- Active involvement of the mayor’s office.
- Authority is flexible, willing to change plans.
- Historic trust between residents and authority.
- Flexibility of HUD through regulatory changes.
- Community-wide support via planning process.
- State involvement with tax credits, legislation.
- Involvement of community development bank.
- Elaborate, time-consuming inclusion process.

Contacts: Michael Godfrey, Director of Planning and Development, Housing Authority of Louisville, 502-574-3415.
Park DuValle today (above) looks very different than the neglected neighborhood of the past. At right, Algonquin Terrace, a failed FHA development next to Cotter and Lang that was demolished.

MORE on LOUISVILLE
Too big for one developer, project uses multiple actors

When Louisville leaders decided to demolish 1,490 units of housing in the Park DuValle area, they realized the job would require not only good planning, but effective execution. The resulting project involves many developers and partners.

The housing authority and city hired a nationally renowned urban design team to plan the site and set design standards. Thirty prototype houses were designed and eight homebuilders (four of them minority-owned) were pre-qualified to build, market and sell the homes. A master land developer manages the process.

Two developers are responsible for the mixed-income rental component, including financing, building, marketing and management. A non-profit agency provides homeowner counseling and training to public-housing-eligible families.

The development’s 613 on-site rental units include 280 for public housing, 173 for Low-Income Housing Tax Credit use and 160 at market rates. Of the 450 homeownership units, 153 are for families under 80% of the median income; 105 for families under 100%; 45 for families under 115% and 147 are unrestricted.

Sources of funding

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<td><strong>Total</strong></td>
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Uses of funding

| Rental housing                          | $ 82,400,000   |
| Homeownership                           | 47,500,000     |
| Off site replacement                    | 9,800,000      |
| **Total housing units**                 | **$139,700,000**|
| Predevelopment and Neighborhood Recovery| $ 38,800,000   |
| **Total**                               | **$178,500,000**|

Does not include Section 8 vouchers/certificates for replacement units

Contact: Kim Burse, President, Louisville Development Bancorp, Inc. (master land developer), 502-778-4000.
School upgrade, corporate partners boost community prospects

Public housing has been reinvented over and over on the north side of St. Louis near the George L. Vaughn housing projects. A block away, the Pruitt-Igoe housing towers were demolished in 1973, early recognition of the failures of U.S. public housing policies. Residents at the nearby Carr Square and Cochran Gardens fought for and created the first resident-management corporations in the country.

The makeover of the 656-unit Vaughn area is a similar breakthrough. A new mixed-finance development, The Residences at Murphy Park, is being built by private developers with input from the public housing residents who will live there. The development includes tot lots, green space, a child-care center and outdoor pool. A transformed local elementary school is the cornerstone of the revitalization strategy.

Murphy Park pioneered the mixed-finance public housing development with amenity-rich apartments designed to appeal to market rate renters but to be leased as well to public housing and tax-credit-eligible families. The townhouses feature carpeting, air conditioning and washers and dryers. They are the work of McCormack Baron & Associates, which has similar projects in Atlanta, Kansas City, San Francisco and elsewhere.

What sets the project apart is the public-private partnership forged at New Jefferson School, the first “site based managed” school in St. Louis. The school was rehabbed before the 1998-99 school year thanks to $2 million in corporate funds raised by a non-profit organization, COVAM.

COVAM stands for Carr, O’Fallon, Vaughn and Murphy Park, the four neighboring housing developments; its board includes residents from each development, the school principal and representatives from non-profit and for-profit partners including developer Richard Baron.

Baron was instrumental in the creation of COVAM and reconstitution of the school. His firm owns the 635-unit O’Fallon development and has worked for the Carr Square complex. He knew quality of local schools plays a big role in family decisions to choose a neighborhood and to stay as children reach school age. Corporate investors, already stakeholders in Murphy Park, agreed and invested heavily in the school. Southwestern Bell gave $750,000; others included McDonnell Douglas, A.G. Edwards and Nationsbank.

The school has attracted 272 neighborhood children, up from 80 the previous year when most were bused in. There is a new principal, strong discipline, new curriculum, state of the art technology, heavy parental involvement and improved teacher training. The school board recently agreed that the nearby middle school will also become site-based managed in partnership with COVAM.

In 1993 the Housing Authority of Baltimore City (HABC) set out to change the face of public housing. Recognizing opportunities in the new flexibility at HUD, the authority examined its entire portfolio and asked a basic question: how to make “neighborhoods” out of “projects”?

The most troubled developments were Lafayette Courts, Lexington Terrace, Murphy Homes and Flag House Courts, four high-rise-and-townhouse developments circling the downtown. Combined, they had 2,700 units. They became the top priority.

All four suffered from crime, gang activity and high vacancies. All were laid out in superblocks that made management and crime prevention difficult. All had their own schools and were completely isolated from their neighborhoods, though each was walking distance from a major institution. The American Civil Liberties Union had filed suit on behalf of residents, demanding lower density and replacement housing.

Mayor Kurt Schmoke and authority commissioner Daniel Henson, with support from the state, asked HUD to consider comprehensive redevelopment with a cost of about $300 million (HOPE VI totals $125 million; the rest is state, city and private).

Calling for demolition of all units, the plan drew immediate fire from residents, but careful planning, many meetings and a flexible, evolving approach brought residents on board.

The program kicked off with a bang -- implosion of the six towers at Lafayette Courts and immediate construction of what residents had asked for: a typical Baltimore neighborhood of brick rowhouses with backyards. Moving quickly was important to show the authority would create well-designed replacement housing, good services and a quality living environment. Renamed Pleasant View Gardens, the development received the 1997 American Institute of Architects’ award for excellence in urban design.

Efficient relocation was also a priority to build trust and minimize disruption to families. Residents met regularly with HABC staff and among themselves as the different developments moved forward. Amenities at the first site include a childcare center, police sub-station and a Boys and Girls Club with computer lab. The Greater Baltimore Medical Center operates an adjacent community health center.

The plan has evolved considerably with each phase. While Lafayette was 100 percent publically funded (the state paid for off-site replacements and a 110-unit senior building), the Lexington Terrace phase includes private financing and developers. Additional private participation and expanded homeownership is anticipated at the Murphy Homes, which have been demolished. Planning for Flag House Courts calls for retail development and a business incubator.

The Baltimore plan had seven clear goals:

1. Reduce on-site density by 60 percent.
2. Create communities of choice, including homeownership options and economic integration.
3. Leverage public and private resources.
4. Stress self sufficiency of residents and community.
5. Develop economic opportunities.
6. Improve property management, including use of private managers.
7. Replace units off-site in small-scale developments.

Contacts: Estella Alexander, Associate Deputy Director, Housing Authority of Baltimore City, 410-396-8213.
**MILWAUKEE**

Jobs first, because a community that works is a healthier one

In the early 1990s, Hillside Terrace was the worst public housing development in Milwaukee -- so bad that only one of 200 families on the public housing waiting list agreed to move in.

Designed with 540 units in isolated “super-blocks,” the garden-style development with its common hallways and limited vehicle (including police) access had become a prized outlet for drug dealers. Factories and offices were nearby, but only 17 percent of households included wage earners.

Today, 60 percent of Hillside families include wage earners and the long waiting list includes 50 working families. The low-rise buildings are still there -- except for 119 units demolished to restore the street grid -- but extensive rehab, private entrances and greenery give Hillside an entirely different feel. Replacing drug lookouts on the corners are residents hustling to work or to classes at nearby Milwaukee Area Technical College.

The shift began in 1993 when Milwaukee applied for the first round of federal HOPE VI funds. Architectural changes were a key strategy, including touches like adding back porches and hiding garbage carts behind decorative brick. The whole package, including peaked roofs, carpeted units and new appliances, ran $93,000 per unit.

But the real change came in mindset. “We had to treat residents with respect, not like second-class citizens,” says Ricardo Diaz, the Milwaukee Housing Authority’s executive director, remembering four years of meetings with residents, every Monday morning. “And we made it clear that we wanted people to work, because a community where people are working is a healthier one.”

The employment push, with political backing all the way up to Mayor John Norquist, included two housing authority job developers, skills training and a work-friendly rent structure. It was helped immensely by a labor market so tight that employers gave public housing residents a first and sometimes second chance. Another factor was Wisconsin’s strict -- some would say punitive -- welfare-reform program. It started years earlier than in most other states and encouraged public housing residents to take advantage of the housing authority’s employment incentives and on-site social supports (see related stories, over).

Hillside is a functioning community today because a lot of things were done right: effective new-urbanism design, solid property management, strong social services (using skilled outside partners) and good resident relations. But jobs made the difference.

*Once-isolated Hillside projects are rewoven into city grid -- but real boost comes from wages*

Hillside Terrace was isolated and troubled. Now 60% of families are working.
Lining up good partners is a key factor in many transformation projects. Some authorities have chosen a mixed-finance structure, with private developers sharing ownership and/or management. The Milwaukee Housing Authority, known for its strong management, kept that role for itself but recruited many partners to implement what it calls a "community-building model."

The authority has on-site service providers at each of its developments. At Hillside Terrace, partners include the Black Health Coalition (health services), Boys and Girls Club (education, recreation, youth development), Center for Child and Family Services, Inc. (alcohol and drug-abuse services), Day Care Services for Children (child care and Head Start), Milwaukee Area Technical College (computer learning lab, adult skills), Milwaukee Community Service Corps (on-the-job training for 18- to 23-year-olds with unions and contractor firms), Maximus (TANF coordinating agency that provides welfare-to-work services), and the Women’s Business Initiative Corp. (entrepreneurship classes).

**Common-sense management**
- Broken windows are fixed and graffiti removed quickly to maintain sense of order
- Garbage dumpsters, once outside front doors, are now hidden behind masonry.
- HUD gives the Milwaukee authority high marks for management practices: above 90 on the PHMAP evaluation.

**Emphasis on employment**
- Job developers help residents get jobs at $7 to $12/hour; part-time and temp jobs ease transition into workforce.
- "Wall of work" features photos of working residents and where they are employed.
- All can earn $2,000 before rent is raised; ceiling rents keep units affordable; rent reductions after job loss are discouraged.

**Partnerships for support services**
- Family developments have on-site child-care and a YMCA or Boys and Girls Club.
- Black Health Coalition runs on-site clinic.
- Job training, entrepreneurship programs, computer learning lab encourage careers.
- Drug and alcohol abuse counseling.

**Building Community**
"It used to be 'the projects.' Now it's a neighborhood where the ice cream truck comes around."

**Return-on-investment mindset**
- Average household income increased 30% to $13,206 while AFDC (TANF) savings totaled $1 million between 1996 and 1999.
- Maintenance, utility and graffiti removal costs are expected to decrease.
- Community center rents offices, meeting space, kitchens to cover some costs.

**Contacts:** Steve Falek, Associate Director, Housing Authority of the City of Milwaukee, 414-286-5681; Ann Wilson, Director, Hillside Terrace Resource Center (and long-time resident leader), 414-224-8810.
PITTSBURGH
Leadership, partners and planning revive historic neighborhood

One of the first things Tom Murphy did after being elected Mayor of Pittsburgh in 1994 was name himself chair of the housing authority. It was on the brink of receivership, had high vacancies, long waiting lists, soaring crime and a history of poor management. It fostered disinvestment in every neighborhood that touched public housing.

The Housing Authority of the City of Pittsburgh (HACP) had received one of the first HOPE VI grants for its plan to rehabilitate the Aliquippa Terrace development. The less-than-radical $32 million proposal called for thinning out the development, adding porches and peaked roofs, and providing modest social services. Murphy thought he could do better.

But residents were furious when he scrapped the plan in favor of demolition and mixed-income development. Months of fighting followed and countless hours were spent on damage control and rebuilding relations. Murphy learned a few lessons. Get resident buy-in early. Nurture local partners. Make sure your plan is a good one.

Aliquippa redevelopment is now under construction as new mixed-income development with private partners, but only because of lessons learned on a second project in Manchester.

The Manchester community on Pittsburgh’s north side was the first African-American community to become a nationally registered historic district. A well-established community organization, the Manchester Citizens Corporation, had just updated a master plan that identified troubled housing as an impediment to a healthy community. Scattered through the community were 108 public housing units in three-story walkups and 95 defaulted Section 8 units owned by HUD.

HACP partnered with MCC and the Urban Redevelopment Authority, using MCC’s plan as the basis for a HOPE VI application. A $7.5 million HOPE VI grant and $5.9 million in other public housing funds leveraged $3 million in private debt, $15 million in tax credit equity and $1 million from URA. Murphy called the package “the best public housing investment HUD ever made in Pittsburgh.” What made it work?

- A whole-neighborhood approach including taking control of the troubled Section 8 buildings and folding in economic development, gang intervention and adult education. Public housing residents, involved with MCC for years, have two slots on the organization’s board.
- A homeownership component attracts new residents and helps current residents with up to $40,000 per buyer in second mortgage funds (0 percent interest for 99 years). Homeowner education covers maintenance and home care.
- High design standards, due to historic district designation, required that architectural details match the character of the neighborhood.
- Private partners bring an investor’s oversight to development and management.
- Aggressive case management is tied to the public housing lease and managed by MCC. Schooling, skills training and work opportunities are pushed hard. “You can choose to do anything,” said HACP executive director Stanley Lowe, “but you cannot choose to do nothing.”

Manchester is becoming healthier. Property values are up 13 percent. Crime is down 18 percent. And the eyesores are gone.

Profile
108 units demolished; 238 to be built
86 public housing rentals
64 tax credit rentals
46 market rate rentals
42 for-sale homes w/subsidies

Contacts: Christopher Shea, Director, Special Projects and Planning, Housing Authority of the City of Pittsburgh, 412-456-5239.
Crown Ridge in Minnetonka is a 64-unit rental development with six public housing units, 40 rent-restricted tax-credit units, and 18 at market rates. It is the first subsidized housing for developer CSM Corp.

MINNESOTA
Suburban homes near job centers, and working families next door

Not in my backyard. That rallying cry has been a barrier to effective public housing development for decades, even in liberal Minnesota. But in the last three years, 130 units of public housing have been built or are under construction in suburbs around the Twin Cities, and 100 more units are scheduled. The beauty of it: neighbors can’t tell which units are public housing because they look just like market rate units next door.

A 1992 lawsuit against the Minneapolis Public Housing Authority and HUD charged that public housing in the city was improperly concentrated in areas with low-income and high-minority populations. HUD settled in 1995, agreeing to fund construction of 770 units in non-impacted areas -- 670 of them in the seven-county suburban ring -- along with 900 Section 8 certificates and vouchers plus $2.5 million for housing counseling.

A history of regional cooperation and smart growth policies helped the region respond to this challenge. Equally important is an intricate program of incentives and streamlining that brings private developers into the fold. Four layers of government are involved, but the developments use the mixed-finance model. Most units under the Metropolitan Housing Opportunities Program are privately managed and privately owned.

- **Permits and planning** are expedited by the Metropolitan Council of the Twin Cities, which has authority over mass transit extensions, water and sewer expansion, Section 8 administration and regional planning.
- **Affordable-housing policies** are tied in via the state’s Livable Communities Program. It provides $10 million annually to the Metro Council to add affordable housing into suburban developments.
- **Streamlined financing** managed by the Minnesota Housing Finance Authority, includes low-income housing tax credits if developers include 10 percent public housing, expedited reviews and approvals, and access to gap financing through the Family Housing Fund.
- **Help on legal work and regulations** is provided by HUD staff to lure participation of small-scale developers that might otherwise become mired in government minutiae.

The results are hard to spot among Twin Cities subdivisions because the program stipulates only 10 percent of a project can be public housing, with 30 percent of those for local residents. Residents displaced by demolition get first priority.

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**Profile:**
- Eight sources of financing.
- Base of regional cooperation.
- Part of larger development including retail, single-family homes, townhouses, rental and assisted elderly housing.
- Near transit hub, highway interchange and regional mall.
- Units are identical; public housing "floats" with vacancies.
- Lures for small developers.

**Contact:** Stephen Gronewold, Chief Counsel, U.S. Dept. of Housing and Urban Development, Minneapolis, 612-370-3000.

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Mixed-Finance Guidebook, HUD
CHICAGO

‘Gautreaux’ program: Pioneering model for integration

Not often viewed as a city to emulate when it comes to public housing, Chicago nevertheless defined the standard for providing choice to residents of public housing.

The Gautreaux Assisted Housing Program, operated by the Leadership Council for Metropolitan Open Communities for 22 years until September 1998, taught the nation how to help public housing families escape concentrated poverty and segregation to begin new lives in desegregated, often suburban, communities.

Sometimes called “mobility counseling,” the Gautreaux approach used a one-day registration period for interested families, followed by motivational counseling, assistance with the housing search and ongoing supportive services during and after the move. Lessons learned under Gautreaux — and documentation of healthy outcomes for moving families — have shaped dozens of mobility programs around the country.

The program takes its name from the pioneering civil rights lawsuit filed in 1966 on behalf of CHA residents and families on the CHA waiting list, including resident and civil rights leader Dorothy Gautreaux. The suit charged that CHA’s placement of virtually all of its projects in black neighborhoods was a violation of Title VI of the 1964 Civil Rights Act and the equal protection clause of the Constitution.

The courts determined in 1969 that the CHA had intentionally discriminated and violated the law. After years of legal wrangling, HUD agreed to a groundbreaking remedy: a metropolitan-wide rent subsidy program to provide housing opportunities, mostly in the suburbs, to public housing residents. A subsequent consent decree stipulated the program would end when 7,100 families were placed, a goal reached last year.

Litigation similar to the Chicago lawsuit has resulted in 12 other mobility programs around the country; in addition, five cities are using the Moving to Opportunities model created by HUD in 1994, and 16 participate in a regional mobility program sponsored by HUD. A small number of public housing authorities have their own mobility counseling programs.

Connecting a resident to housing in the private market is far less expensive than rehabbing or building new housing. Costs for counseling, search assistance, followup and landlord outreach range from $1,400 to $2,800 per family placed. Ongoing rent assistance comes from Section 8 vouchers, which cover the difference between market rents and 30 percent of family income.

A series of studies by the Northwestern University Center for Urban Affairs and Policy Research (James Rosenbaum et al) showed this investment often brought significant social and economic benefits. Comparing families that moved to the suburbs with those who moved to integrated or predominantly African-American city neighborhoods, the studies found that suburban mothers were more satisfied with the quality of their children’s schools and with police services.

Children fared better in suburban schools after an initial adjustment period, and parents who moved to the suburbs were about 13 percent more likely to find employment than their city counterparts. Though some city and suburban families experienced race-related harassment, social integration was not a major problem for most families.

What is Section 8?

Section 8 of the Housing and Community Development Act of 1974 is a direct rental subsidy program. It enables households to pay just 30 percent of their income for rent in private apartments. The Section 8 certificate or voucher assures the landlord that the federal government will pay the difference between the tenant portion and fair market rent.

Contact: Aurie Pennick, President, Leadership Council for Metropolitan Open Communities, Chicago, 312-341-5678.