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# Improving Economic Outcomes for Residents in Mixed-Income Developments

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*Aaron Seybert, social investment officer for the Kresge Foundation, speaking at the ULI Housing Opportunity Conference in Boston*

In theory, mixed-income communities offer low-income residents a chance to move up the socioeconomic ladder, get a better education, and lead healthier lives. The premise that housing can be a platform for improving a whole spectrum of social and personal problems often goes untested, however, with little data to back up claims that moving people from areas of concentrated poverty to mixed-income environments actually improves their future prospects in life, according to Aaron Seybert, social investment officer at the Kresge Foundation, based in Troy, Michigan.

Seybert shared his views at the recent ULI Housing Opportunity 2016 conference panel that focused on how well mixed-income communities—by giving low-income residents access to high-quality housing, schools, job opportunities, retail, transit, and other amenities—are actually living up to their promise. After an extensive review of the research on mixed-income communities, he found that many are not.

“What we have found are some softer benefits, like an improved sense of safety, well-being, and a greater sense of stability . . . but [what] we do not find really is economic opportunity,” Seybert said. “Economic mobility seems to be completely absent.”

What is needed, he argued, is a greater emphasis on outcomes-based assessment of whether moving to high-opportunity neighborhoods and living close to people from a variety of incomes and

backgrounds lead to substantially better lives, measured by real economic gains, greater educational attainment, and improved health. As the Kresge Foundation continues to invest its capital into projects with the highest potential to create economic opportunity for low-income people, Seybert said those who develop, invest in, and manage mixed-income communities must ask themselves: “For low-income people, did life get better . . . in a real, meaningful way?”

“It has become clear to me that our current strategies are inadequate,” Seybert said. “We all know how to crank out boxes, make units, and create affordable housing. We may have . . . improved the quality of affordable housing, [but] what we don’t have is a great story connecting that production [of units] with true outcomes for low-income people.”

Seybert’s comments were a reminder that the mission of mixed-income housing developers does not end when the last of the drywall goes up and the final floorboards are in place. The Kresge Foundation continues to believe that housing “provides the best platform for health outcomes, educational attainment, and so many things that are difficult to attack,” he said. Seybert put a challenge to the audience to find the “intersection of design, land use planning, and mixed income to unlock economic mobility” for those involved who stand to benefit the most.

## **Ingredients for Success**

[The Community Builders](#) (TCB), one of the oldest developers of mixed-income communities in the United States, stays closely connected with residents and tracks their outcomes long after a project is complete. On its website, the Boston-based developer conveys its impact through data as well as individual stories of residents. For example, TCB is helping [build financial assets for residents](#) by linking 50 percent of residents with their own bank account. A [partnership between CVS Health and Plumley Village](#), a TCB community in Worcester, Massachusetts, is providing vocational training and internships for residents.

Through its Community of Life program, TCB deals with the “non-bricks-and-mortar” side of mixed-income housing to ensure access to opportunity, according to panelist Beverly Bates, senior vice president of development at TCB. Community of Life has served 4,300 families in TCB communities through a variety of community engagement programs including workforce development, child care and after-school tutoring, voter education, and academic scholarships.

“We believe that mixed income is going to lead to the best possible outcome for the people who live in the community and for the people who live in the neighborhood . . . writ large,” she said.

During the site selection and building design process, TCB follows a set of principles it believes leads to better outcomes for residents, including:

- choosing a site that has inherent market strength or at least strong edge development;
- building enough density to reach strong edges and eliminate existing blight;
- designing to the market, not to a “public housing” standard;
- providing spaces for children, particularly those from lower-income families who are more likely to use them, and access to amenities for people of all income levels;
- selecting a site that is transit-oriented and close to job centers and community amenities; and
- avoiding an income “barbell” effect where residents at the highest and lowest ends of the income spectrum dominate a building with few people in the workforce housing tier.

Among the 14 mixed-income communities TCB has in its pipeline is the [redevelopment of an 11.3-acre \(4.6 ha\) site in Chicago where the Harold Ickes Homes](#), a public housing high rise, once stood.

The development will feature both low- and mid-rise buildings as well as townhouses; its 867 residential units will be distributed among studios as well as one-, two-, three-, and four-bedroom units. The smaller units will primarily serve market-rate-paying tenants, and the larger units will serve families receiving public assistance—many of whom are former residents of Harold Ickes Homes. There will be sufficient “checker-boarding,” or integration of units so that residents of different income levels interact with one another, Bates said.

Each rental building also follows a specific formula to achieve income and social integration. Fifty percent of each rental building will be market-rate units, 10 percent will serve those making 80 percent of average median income (AMI), another 10 percent will serve those who make 60 percent of AMI, and 30 percent will be reserved as public housing.

The proposed development has several elements that could lead to the kind of economic mobility Seybert emphasized earlier in the discussion. The site is located next to two transit stations and is short bus ride away to major job centers: McCormick Place, the largest convention center in North America, and the South Loop commercial district. TCB and project partner McCaffrey Interests are also proposing 70,000 square feet (6,500 sq m) of ground-floor retail space, which could lead to opportunities for residents. The market is heating up around the site, with new market-rate multifamily buildings going up a few blocks away.