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Mark L. Joseph, Ph.D.

**Assistant Professor
Mandel School of Applied Social Sciences
Case Western Reserve University**

**Oral Testimony
EXTENDED VERSION**

Madame Chair, members of the subcommittee, thank you for the invitation to speak to before you today, it is truly an honor for me to be a part of this distinguished panel.

Secretary Donovan has said that building communities in a more integrated and inclusive way is essential to advancing social and economic justice in America. The HOPE VI program has had some impressive successes and has faced some deep challenges. The Choice Neighborhoods Initiative has great promise as a new phase of poverty deconcentration. As best I can tell, however, it also has the potential to repeat or overlook some of the key shortcomings of the HOPE VI program and, ultimately to generate benefits for some citizens, but fall short of maximizing the return on investment in terms of impact on low-income families, who are often displaced or marginalized by urban revitalization. It is crucial that we examine the challenges and lessons of HOPE VI as carefully as possible as the Choice Neighborhoods Initiative is crafted.

Along with collaborators at the University of Chicago, my research has focused at the ground-level of the massive transformation of public housing currently underway in Chicago. Our research includes in-depth interviews with almost 200 residents and over 75 stakeholders and over 300 observations of staff meetings and community activities.

I will make just two main points about what we are learning about mixed-income development in Chicago:

1) We have identified some early benefits that residents have experienced but also important downsides to their experiences

[In the interest of time, I am going to focus exclusively on the experiences of relocated public housing residents – but our research includes residents of market-rate and affordable units – and I can speak about those residents in response to questions later, if any committee members are interested]

2) Successful mixed-income development is more complicated than anticipated and I will propose seven key factors for success that should be considered

What have been early resident experiences in mixed-income housing?

On the very positive side, there have been high levels of resident satisfaction with the new physical environment – practically 100% of interviewees

When I first looked at this apartment, uh, I couldn't believe it. Balcony, big bathroom, carpet, elevator working every day. . . . I just said, "Uh-uh, this can't be happening to me," because I'd been in that project for years. . . . All I wanted to do was just get away from over there, too many gangbangers, too much noise. . . . Hey, when I saw this place, it was a dream for me.

Also positive, there have also been self-reported psychological benefits (3/4 of respondents)

Some report a decrease in the stress that they feel – not having to worry about violence and crime

I don't feel that I'm stressed out about being worried about if I go outside that they're gonna start a gang fight or somebody's gonna start shooting, or do I gotta sit close to the entrance of the building if I go to relax outside, or if I gotta stay close to home.

Some articulate increased aspirations – feeling more motivated to accomplish more in their lives now that they've had this housing opportunity

[Moving here] was like an awakening for me, for my lifestyle. It was something I felt – my self-esteem rose. I felt like wow, I'm gonna be a part of the American dream because, for 33 years, I lived in an environment where it's this low, poverty [area] and everybody [was] basically in the same boat.

I mean when you're kind of in one spot and you're kind of used to that and you – I mean just being honest, and you don't know nothing better, and you're not used to nothing else. And then when you see different things and better things, it just makes you want to do more, and more, and more.

Some note external pressure as a motivation

I have to be productive to keep my apartment and to be living in a really decent neighborhood. . . as opposed to, okay, being kicked out. . . . I feel that's the whole purpose of [the mixed-income developments]. . . . Don't just sit back and depend on government assistance for the rest of your life. Use [this opportunity] to move ahead.

But you know what, I'd rather pay a certain amount of rent. . . . It's like you [if] ain't paying [then] people tend to act different [towards you]. That's why I said I'm really trying to get me an income so I pay something so they won't say I'm living rent free.

On the other hand, some report an increase in stress (about ½)

For some, the strict **rules** and monitoring in the new developments generate stress, and some feel there are double standards

I was very stressed out here because it takes more to live under these rules as opposed to [in my former public housing development]. We didn't have the rules and people here watch [your behavior]. [They] make sure you empty the garbage right or the kids [are not] too loud, so I've been stressed here.

For some, there is an increased sense of stigma within the new development
- residents feel stereotyped by their neighbors because of where they used to live

I'm telling you really good people came from [the public housing developments], but you get stereotyped because you [used to] live there and that's really sad.

Sometime they tend to make you feel like maybe they're a little bit better than you, and some of these people they do kind of act like that like they a little better than the rest of us just because they got a little bit more money or whatever.

There are low levels of social interaction among residents:

- some residents are disappointed with the lack of a sense of community, some welcome the privacy
- there is considerable amount of self-isolation – residents withdrawing and keeping to themselves – this was not the intention of HOPE VI

There have been some tensions and negative interactions driven by underlying “us and them” dynamics, issues include:

- unfriendliness
- absence of common courtesy and shared norms
- concerns about social order and control
- unsupervised children

What are we learning about key factors for success?

First we need to better define “success,” for the sake of discussion let me suggest several levels of success, in increasing order of difficulty:

- 1) lease and sell all units, sustain low turnover
- 2) achieve high quality of life and satisfaction – for all residents
- 3) promote effective neighboring among residents
- 4) promote social and economic mobility among low-income residents
- 5) generate neighborhood-wide revitalization, reconnect the development with the broader neighborhood economy

[It is interesting that the Choice Neighborhoods Initiative seems explicitly designed to address the last and most macro-level success level – but, at this point, does not explicitly address the first four. Without the first four, it is not

clear how mixed-income development is sustainable for any residents, regardless of socio-economic status.]

I'll use my remaining time to suggest seven key factors for success:

First, balancing screening with inclusion:

Which low-income residents will get to return on-site to benefit from the revitalization?

- the key will be how to screen out residents who are likely to create problems for everyone
- while screening in as many residents as possible who could make the most of the opportunity

Next, property management:

It is clear that high quality property management is critical to a successful development, but less obvious is the potential for property managers to either be central players in the positive community-building process or to detract from it by imposing their own prejudices and differential treatment of residents

Next, support services:

Housing relocation alone will not change residents' economic circumstances

- there needs to be pre and post occupancy supports
 - not just work supports and incentives but social services as well
 - these services must be sustained well beyond move-in
- thus there is a need for long-term funding, service infrastructure, and service integration

Next, physical design:

- units should be externally indistinguishable and physically integrated
- design should include common space, green space, shared amenities
 - this is needed to promote and shape social relations
 - but we must anticipate that it will be contested space - raising issues of turf, norms of behavior and informal social control

Next, resident engagement and community building:

- given the extreme income and racial diversity, social connections will not happen naturally
- there must be ways to identify shared interests and common ground - or else perceived and real differences will drive social relations

Next, governance and decision-making:

- in the Chicago developments, condo associations are the sole formal decision-making body and exclude all renters - the local advisory councils have been

disbanded - thus creating tension and increasing divisions – there need to be inclusive governance bodies where all residents can be represented and have a voice in their community

Finally, amenities: the lack of local, high quality amenities (restaurants, grocery stores, coffee shops) has been common concern across income levels. This is one area explicitly addressed by Choice Neighborhoods with its focus on school reform and transportation and economic and retail development.

I'll stop here for now. I have not had time to address a critical issue, namely the impact of the current housing market crisis on the mixed-income development strategy – but would be happy to share some insights if there is interest during the question period.

We have observed several impacts of current housing market crisis on mixed-income development in Chicago – let me quickly list seven:

- 1) freeze or slowdown in for-sale construction, resulting in a change in tenure mix and sequence, with possible adverse effects for marketing, retention and community effects
- 2) delays in handover of governance responsibility to condos
- 3) possible increase in the number of “investor owners” as opposed to resident owners
- 4) possible increase in demands by owners for actions by developers and other local stakeholders to protect the value of their real estate investments – even if those actions have adverse effects on low-income families
- 5) increased delays in neighborhood amenities and retail development
- 6) increased rent delinquency, turnover and eviction among affordable and market-rate renters
- 7) lower resources available to fund community-building activities and other social innovations at the developments