To: Partnership for Strong Communities
From: Project V.A.L. Practicum Team
Date: May 9, 2019
Re: Practicum Report

Executive Summary:

The development of mixed-income communities is increasingly being seen as an important way to strengthen neighborhoods and improve opportunities for low-income families. Mixed-income communities are comprised of residents renting or owning their homes at varying rates based on their income levels.[1] However, financing of housing stock to accommodate diverse income bases has been a consistent challenge. This can be particularly impactful in the city of Hartford as it has a large stock of multifamily housing that comes with its own unique set of financing challenges. The following research explores the financial tools that exist to create mixed income housing on Vernon, Allen and Lincoln (V.A.L.) streets in the Barry Square neighborhood of Hartford, CT and how these tools impact investment on multi-family homes.

In this memo, we define the benefits of and characterize successful mixed-income housing communities. We provide a comprehensive description of tools that currently exist to support the development and/or financing of the area's dominant stock, 2-4 family houses. The tools include, but are not limited to, banks and lending institutions, tax credit programs, historic preservation policies, land banking initiatives, incentive programs, and state subsidies. We outline how these tools encourage or prevent the investment, maintenance, and rehabilitation of housing on these streets. As a comparative case study, we explore the mixed-income housing community of the Village of Techwood in Atlanta, GA to highlight best practices for the city's efforts in creating communities that attract and retain members of diverse economic backgrounds. Finally, we provide recommendations to support/enhance the development of mixed-income housing in the V.A.L neighborhood.

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[1] "Success Stories: Mixed-Income Housing in Connecticut." Partnership for Strong Communities. 2019,http://pschousing.org/mixed-income-housing-ct

1. Introduction: About Mixed Income Housing

Mixed-income housing is a tool believed to positively impact communities in many ways. It has gained increased attention from policy makers since the 1990's[2]. Its claimed benefits are to positively impact economical and social challenges including gentrification, displacement, housing affordability as well as social role-modeling, access to resources and networking opportunities. Exploring financial tools to develop mixed-income housing in the V.A.L. area can support growth in these ways.

1.A. Economic Gains

Affordability

Since 2008, the phrase "housing crisis" has resurged as many Americans experienced the greatest economic meltdown since the Great Depression; however, the idea of crisis implies that the lack of housing affordability is a departure from the norm. In 1872, philosopher Friedrich Engels wrote about the conditions and affordability of housing for the working class.

"The so-called housing shortage . . . is not something peculiar to the present: it is not even one of the sufferings peculiar to the modern proletariat in contradistinction to all earlier oppressed classes. On the contrary, all oppressed classes in all periods suffered more or less uniformly from it."[3]

The U.S. Department of Housing and Urban Development (HUD) recommends that individuals/families spend no more than thirty percent of their income on housing costs. With this as the standard of affordability, "shelter poverty" is a national problem as few full-time, minimum wage earners can afford to rent a one-bedroom dwelling. The median income for renters in Hartford County, CT is $33,375 and 48% percent of Hartford County renters spend more than 30% of their income on housing[4]. The area of V.A.L. is located in the Frog Hollow neighborhood of Hartford. It is considered a mixed-use community as it has a combined residential and commercial use with high walkability. Yet, Frog Hollow has the highest unemployment rate in the state, ninety-three percent of its residents are renters, half of whom are spending more than 35 percent of their income on housing.[5] The development of mixed-income housing could give low-income families in the Frog Hollow neighborhood access to quality, affordable living spaces.

Neighborhood Revitalization

Many urban communities have a high concentration of poverty. These areas, with a low tax-base, often have school systems that are underperforming, high crime rates and housing that is poor in quality. The integration of higher-income residents can assist with economic desegregation by

[2] Robert J. Chaskin, "The Theoretical Basis for Addressing Poverty Through Mixed-Income Development," *Urban Affairs Review* 42, no. 3 (January 2007): 369-409, http://uar.sagepub.com/content/42/3/396

[3] David Madden, In Defense of Housing: The Politics of Crisis (London, New York: Verso 2016), 6

[4] "Housing Data Profiles." Partnership for Strong Communities. February 2018, http://www.pschousing.org/files/PSC_2018HsgProfile_HartfordCounty.pdf

[5] "Our Neighborhood, Frog Hollow." Partnership for Strong Communities. 2019, http://pschousing.org/our-neighborhood-frog-hollow

encouraging revitalization of the broader neighborhood. Having higher-income earners move into previously poor areas could attract local investment, increasing the quality of neighborhood amenities. Low-income residents will have access to a higher quality of housing in a safer environment compared to high poverty concentrated areas. Economic desegregation can also influence increased responsiveness from public and private services, prompting improvements to public transportation and repairs to roads and buildings.

1.B. Social Gains

The potential of certain socials gains as the outcome of mixed-income housing is mostly hypothetical but deserves specific attention. It has been long understood that individual and social networks have a direct effect on upward mobility. A study of men in upstate New York found that 57-59 percent had used personal contacts to attain jobs and counted their social networks as significant to their occupational status[6]. The segregation of high-poverty neighborhoods creates an isolation of access to these types of networks that are so important to economic mobility. In addition, integration of high and low income families through the development of mixed-income housing will create opportunities to build a social capital not available in purely low-income neighborhoods.

Some researchers have contended that, in mixed income communities, higher-income residents can help increase the aspirations and economic expectations of lower-income residents through behavior role modeling. Successful residential integration could create an environment of social learning where the habits of high-income earners could be observed, practiced and repeated. Advocates of mixed-income communities hope that included in this integration, cross-cultural learning will occur along with the development of understanding and empathy for others. Low-income earners have also reported a greater sense of peace, stability and a reduction in stress due to the physical attributes gained through the mixed-income community. [7]

1. C. Area of Study

In response to failed efforts to provide safe and quality housing for all communities, policymakers are considering the mixed income housing alternative model which can deliver additional economic and social gains. While the long term effects of mixed income developments still needs further research, immediate improvements are clear: mixed income housing can deconcentrate poverty, prevent displacement, and increase social capital. This policy memo considers how Hartford's unique housing stock can be used to attract and retain families of different economic backgrounds.

For the purpose of this study, we use three streets in the Barry Square area of Hartford, Connecticut: Vernon Street, Allen Place, and Lincoln street. They run parallel to each other up

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[6] Chaskin, 380.

[7] Mark Joseph and Miyoung Yoon. "Mixed-Income Developments," *The Wiley-Blackwell Encyclopedia of Urban and Regional Studies*, (June 2016): 3, https://case.edu/socialwork/nimc/sites/case.edu.nimc/files/2018-09/Joseph-and-Yoon.Mixed-Income-Developments.Wiley_.final_.pdf

Broad street, a heavily traffic road that leads to I-84. Opposite broad street, Vernon Street and Allen Place are perpendicular to Summit Street and Affleck Street is perpendicular to Lincoln. The three streets are residential properties consisting of small to medium multifamily family homes. Some homes are owned by the college and others Neighboring institutions or commercial building include Trinity College, the Learning Corridor[8], Hartford Hospital, Trinfo Cafe, Campus Pizza and Papa John's Pizza.

We have chosen these three streets as our case study because they consist of the type of housing stock that is common in Hartford. Additionally, because of the proximity to large institutions, these streets could be prime locations for economic influx if institutions decided to pursue neighborhood investment programs. Currently, there are some neighborhood development programs led by the Southside Institutions Neighborhood Alliance (SINA), Trinity College, and other state and local programs that exist in the region. Despite various efforts, the V.A.L. area remains extremely low income -- Barry Square's annual median income is $27,135[9]. Various properties in the V.A.L. area are abandoned or physically neglected. Perception of crime has made the area undesirable to live in for individuals and families, and therefore a struggle to encourage the buying or renting of a home in the area. Using the V.A.L. area as a case study, we hope to shed light on how mixed income housing and mixed income communities can spur economic growth for other Hartford neighborhoods.

2. Importance of Research on Small and Medium Family Homes / Outline

This memo fills in an important gap in research about the best ways to use small and medium multi family homes. We define small family homes as residential buildings containing 1-4 units and medium family homes as those that contain 4 to 49. In a 2017 study from Enterprise Community Partners, Inc., researchers presented three key takeaways that we address in our work[10]:

1. Policy makers should offer incentives for more production of small and medium multi-family homes to overcome market failures
2. Tools are needed to rehabilitate and preserve this aging housing stock
3. More research is needed on how to best leverage affordability to foster efficient and equitable market outcomes

The following section will highlight essential, yet overlooked tools in housing finance for small and medium family homes. The myriad of programs highlight the incentives available for our community to invest in and maintain our current housing stock. These financing tools reduce barriers for many low to moderate income individuals seeking to buy a home in the Hartford area.

Following this section are federal or city wide programs that, based on Hartford's unique housing context, can spur investment in home construction or ownership. There are programs to

[8] A 16 acre campus containing four public schools and other neighborhood services.

[9] Cormier, Leah, et.al, "Findings", *Hartford Home Ownership* (website), *Liberal Arts Action Lab,* 2018. https://action-lab.org/home-ownership/findings/

[10] An, Brian, et. al, "Understanding the Small and Medium Family Multifamily Housing Stock", Enterprise Community Partners, March 2017.

rehabilitate and preserve historic homes, deal with Hartford's excessive blight, coach first time homebuyers, and use anchor institutions to drive demand.

3. Mixed-Income Housing Financial Tools

In Connecticut, small multifamily housing represents 57% of the total rental stock, and 26% of all residences. [11] Based on an in depth analysis of naturally occurring affordable housing in the United States, researchers have found that small multifamily housing provides much of the market rate affordable housing, while single family homes and large multifamily properties have higher income residents.[12] As the predominant and most affordable form of market rate housing in our region, our research highlights tools that best leverage our housing stock's affordability to create communities not segregated by race, income, or ability, but elevated by shared social and economic resources.

3.A. Housing Finance Tools for Individual Home Buyers

The city of Hartford has several financing programs available for those looking to purchase property, including multi-family property consisting of 1-4 units.

HouseHartford Homebuyer Assistance Program: This program is a HUD funded program that offers down payment assistance for low/moderate income families purchasing 1-4 unit homes and condominiums in Hartford. This program allows the prospective homebuyer to receive up to 20% (40k maximum) of the purchase price, as long as the mortgage is "affordable." Depending on the applicant's income compared to the AMI (area median income), an applicant can expect to pay between $1000.00 to $2000.00 of their own money in order to qualify for this program. One of the biggest advantages of this program is that although the funds are loaned to the buyer via a 2nd mortgage lien on the property, these loans are forgiven over a 5-15 year period as long as the property is the primary residence of the buyer.
To qualify for this program, the applicant must complete an 8 hour homebuyer class as well as meet with a participating lender to obtain pre-approval for a first/purchase mortgage.[13]

Housing Preservation Loan Fund: This program provides financing for the preservation of Hartford's housing stock and the revitalization of its neighborhoods. The program is designed to support efforts to beautify properties and improve Hartford neighborhoods. This program is supported with Community Development Block Grant funds which are allocated to the Department of Developmental Services Division of housing by the City of Hartford. This fund provides low-interest home improvement loans with rates that may range from 0%-4% depending upon each applicant's income.

Eligibility for a loan from the Housing Preservation Loan Fund is determined by the income of the owner and/or the affordability of the rental units for low and moderate-income tenants. Some

[11] Partnership for Strong Communities, "Connecticut's Missing Middle Housing," (forum, IForum2019, Hartford, CT, March 27,2019).

[12] An, Brian, et. al.

[13] "Hartford.Gov - Housing - City of Hartford." Accessed April 25, 2019. http://www.hartford.gov/dds-housing.

applicant's may be eligible for a deferred loan up to $10,000.00 and/or a low interest loan (2%) with monthly payments. A deferred loan's full principal amount is due upon transfer of title to a non-borrower. Owner-occupants of 2-4 unit buildings whose income is not within federally defined limits, owners of 1-4 unit buildings that are not owner-occupied, and owners of multi-family buildings (5+ units) may qualify for 4% loans only if 51% of the units have tenants with low or moderate incomes (low and moderate-income tenants must occupy the building after rehabilitation if it is vacant at the time of application). To be approved for this program, applicants must be current on all city of Hartford taxes and meet HUD's income guidelines. The type of improvements that are eligible through this loan are limited to general property improvements and repairs, including housing or building code violation corrections, lead remediation, blight specific repairs, energy conservations measures, and handicapped accessibility. One caveat to this program is after the scope of work is outlined, the city facilitates the project by putting the job out to bid to the program's participating contractors, and then selecting the winning bid. The homeowner then signs an agreement with the contractor, monitors the construction progress and ultimately approves the completed work.

Appraisal Gap Financing Program (GAP): creates a financial incentive for builders, developers, and nonprofits to develop owner-occupied single and two unit residential homes. The developer is able to fill the "gap" between what it costs to build a home and the appraised value or sales price of that home. Generally, developers can receive assistance of up to $40,000 per unit. Eligible homebuyers purchasing homes subsidized with GAP funds will assume a lien against the property for the amount equal to the "GAP." The secured loan will reach full forgiveness after 7 years of required owner-occupancy. Blighted and vacant City-owned lots will be given preference.

The Home Investment Partnership Program (HOME): provides funding to eligible property owners, for-profit and nonprofit agencies and Community Housing Development Organizations (CHDO) for the new construction or rehabilitation of quality affordable housing in Hartford. The program supports the City of Hartford's goal to foster the continued development of homeownership opportunities, and the rehabilitation and construction of multi-family rental properties. Funding through HOME must benefit low-income and very low-income households. Since the HOME program's inception in 1992, over 1,600 housing units have been completed. The City of Hartford accepts proposals for financing the acquisition and/or rehabilitation of residential properties for the purpose of creating affordable housing units. Preference will be given to proposals that include a homeownership component, eliminate blight, reduce existing density through demolition-reconfiguration, and provide adequate parking and open space. Generally, the City of Hartford will not finance 100% of a project's costs with HOME program funding. Applicants should demonstrate their ability to leverage other sources of financing. The present program leveraging ratio averages approximately $4.00 of private funding for every $1.00 of HOME program funding.

Information on the previous financing tools outlined above can be found at www.hartford.gov/dds-housing.

Healthy Homes Program: Connecticut Children's Healthy Homes Program improves children's health by making their homes healthier, safer places to be. They are committed to protecting children from lead poisoning and making homes in Connecticut safe and healthy. The Healthy Homes Program receives funding through U.S. Department of Housing and Urban Development and the State of Connecticut Department of Housing.
The goal is to protect children before they are poisoned by lead hazards or injured by safety hazards in their homes. The Healthy Homes Program integrates health and safety interventions, lead hazard control, energy efficiency interventions, and housing rehabilitation for property owners by coordinating resources in an efficient manner to produce healthy homes. Our approach improves the housing for current and future occupants.
The Healthy Homes Program's services are available in 15 towns and cities across Connecticut. The Healthy Homes Program provides qualified homeowners and tenants with: inspections and plans for lead and home safety hazard removal, financial assistance to remediate hazards, relocation assistance during construction, referrals to low- or no-cost home weatherization programs designed to increase energy efficiency, and lead hazard and healthy homes education.[14]

Northside Institutions Neighborhood Alliance (NINA) Homebuyer Initiative Program: This program provides financial incentives to employees of Aetna, The Hartford, The MetroHartford Alliance, Hartford Hospital, Trinity College, and the St. Francis Hospital and Medical Center to purchase a home.[15]

Connecticut Housing Finance Authority (CHFA) Emergency Mortgage Assistance Program: A loan from the Emergency Mortgage Assistance Program can help cover past due as well as a portion of current monthly mortgage payments for up to five years to eligible Connecticut homeowners facing foreclosure due to a temporary financial hardship beyond their control, such as job loss, health or family financial hardship. These loans are secured by a fixed-rate, second mortgage on the homeowner's residence.[16]

Neighborhood Assistance Corporation of America Home Save Program: This program is meant to provide affordable solutions for homeowners with an unaffordable mortgage due to a spike in an adjustable rate mortgage, tax increase, etc.[17]

State Historic Tax Credits

One of the financing tools that can encourage investment in smaller multi-family properties is the state of Connecticut's residential Historic Tax Credit program. Program participants may use 30% of eligible improvement expenses against their federal tax liability. The tax credit

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[14] "Healthy Homes Program | Connecticut Children's Hospital In Hartford." Accessed April 25, 2019. https://www.connecticutchildrens.org/community-child-health/community-child-health-programs/healthy-homes-program/.

[15] "Homeownership Assistance Programs and Resources - City of Hartford." Accessed April 25, 2019. http://www.hartford.gov/images/DDS_Files/Housing/Homeownership_Assistance_Programs_and_Resources_Rev_12-2017.pdf.

[16] "Foreclosure Prevention Resources - Homeowners | CHFA." Accessed April 25, 2019. https://www.chfa.org/homeowners/foreclosure-prevention-counseling/.

[17] "NACA | Home Save Process." Accessed April 25, 2019. https://www.naca.com/home-save/home-save-process/.

significantly reduces the developer's income taxes owed, making HTC an attractive tool for the creation of housing that is affordable. More importantly, HTC can be used on both residential and non-residential buildings, external or internal projects, and large and small properties ones like multi family homes. Projects must be valued at $15,000 or greater. [18] Projects may be combined with other financing tools such as HOME funds or Low Income Housing Tax Credits (LIHTC) for a reduced cost to produce units. Given Hartford's unique and historic housing stock, there is opportunity to turn historic units into market rate homes that are affordable to the general public.

The federal Historic Tax Credit program is a administered by the National Park Service (NPS) and the U.S. Department of the Treasury, in partnership with the state historic preservation offices in each state. Though, the program encourages private sector investment in the rehabilitation and use of historic commercial projects, it does not apply to residential buildings. [19]

Over recent years, Connecticut has seen a rise in the use of HTC, as evidenced by the conversion of various old mills into loft apartments.[20] With the popularity of this program, administrative processes have slowed down, creating longer wait times for tax credit distribution. Where developers once received benefits immediately, now they may take up to two years. This becomes an obstacle for individual home owners attempting to rehabilitate their homes on a budget. Additionally, the layers of bureaucracy may also become burdensome for the average person or small development firm. Locally, the Hartford Preservation Fund serves as a middle person, assisting developers and individual home owners through the tax credit process.

Land Banks

Land banks are useful because liquidate prior tax liability and otherwise clear the title to properties. Land banks reduce the demolition and construction costs, and municipal or state fees paid by developers. Land banks attract prospective buyers to properties that were once abandoned, vacant, tax delinquent or foreclosed. Blighted properties converted into healthy homes can be sold at a lower price to investors, who, in turn, can sell the house at a more affordable rate, without a loss. Essentially, they create a supply of properties, ready for use. Land banks can even be combined with other financial tools such as the Historic Tax Credits mentioned above for more cost savings.

In Hartford, the Blight Remediation team has worked on buying and cleaning up properties for the past two years, but a, fully established land bank, which is recently in effect, allows the city to hold and manage properties, particularly those that have been tax delinquent for a few years. Now that land bank can operate fully in Hartford, its non-profit status can accelerate the work of the blight team by navigating more easily through state bureaucracy.

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[18] "Tax Credits", Hartford Preservation Alliance, 2019.https://www.hartfordpreservation.org/tax-credits/

[19] "Historic Tax Credits", Office of the Comptroller of the Currency, July 2017. https://www.occ.gov/topics/community-affairs/publications/fact-sheets/pub-fact-sheet-historic-tax-credits-jul-2017.pdf

[20]Frank Hagomen, Interview by Thalia Giraldo, The Kitchen, March 20, 2019.

Hartford's Blight Director for the City of Hartford, Laura Settlemeyer says that unlike other cities, Hartford's organizational structure supports the success of land banking[21]. The Department of Development Services houses various departments including economic development, planning, housing, code enforcement & zoning, and blight remediation. Reporting to one director, the departments' various sections follow one vision and can be in tandem about developing a pipeline of properties to put to productive use.

Funding is a challenge with land banking as the initiative is not a public entity. Officially a nonprofit, land banks must fund this work through organizational donors and fundraising. The city wide survey is supported by a 5 million dollars grant from the state and an additional donation from the Hartford Fund for Public Giving.

Anchor Institutions

While land banks can create the supply of problem free homes, anchor institutions have the capacity to bring the demand. Their ability to drive the local economy through their financial stability suggests more flexible opportunities to create programs and incentives that match their mission.

Trinity College, for example, offers a $10,000 forgivable grant to anyone who wishes to buy a house in designated areas of Hartford.

Trinity's criteria are as follows:

- The residence must be in a nearby neighborhood: Barry Square, Parkville, Frog Hollow, South Green, Behind the Rocks, South West, South End, South Meadows and Sheldon Charter Oak.
- The applicant must be employed by Trinity for a year (though an exception was made in Bergren's case because some flexibility is built into the program).
- The buyer must be pre-approved by a mortgage lender.
- The buyer must live in the residence – a single-family, two-family, three-family house or condominium -- for at least five years.
- The incentive is reserved for 60 days from the date of approval notification.
- An employee who leaves Trinity voluntarily or is terminated is required to repay the outstanding balance of the grant.[22]

Unfortunately, the grant is not well marketed within the Trinity community, and many do not know the program exists. At the same time, the grant may not be a sufficient incentive for someone of higher income to buy a home within a blighted neighborhood because of the perception of crime, distress, and property value.

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[21] Laura Settlemeyer, telephone interview with director, April 2,2019.

[22] " Trinity Successfully Launches Its Homeownership Incentive Program," Trinity College, May 5, 2014, https://www.trincoll.edu/NewsEvents/NewsArticles/pages/Trinity-Successfully-Launches-its-Hartford-Homeownership-Incentive-Program.aspx

Yale University located only forty miles from Hartford offers any regular Yale employee - from faculty to maintenance to clerical to management - $25,000 ($5,000 at closing and $2,000 annually for ten years) to purchase a home in several neighborhoods. The Yale Homebuyer Program has funded more than 1,000 employes, 80% of who are first time homebuyers; 29% of homebuyers have been faculty, 30% clerical and technical staff, 14% service and maintenance staff, and 27% management and professional staff.[23] They are also committed to various neighborhood revitalization efforts, including employing 1,000 New Haven residents by April 2019. Similarly, the University of Pennsylvania undertook a similar mission to revitalize the housing market and became a land banking institution, rehabilitating, developing and subsidizing local homes. They also established a mortgage-guarantee program, home improvement loan, and built a robust counseling program with virtually zero default on mortgage payments.[24]

It is worth noting, however, that the economic reach of Yale University and University of Pennsylvania is made possible largely because of their endowment, which is significantly higher than Trinity College's.

Community Advocacy for Fair Housing

In most urban neighborhoods, home ownership forms the backbone of community stability, but only twenty three percent (23%) of individuals own their homes in Hartford, compared to the national average of sixty percent (60%)[25]. In a recent study about homeownership rates in Hartford, poor credit and poverty was noted as the top barriers to buying a home. Furthermore, predatory and discriminatory lending practices are still alive and well in Connecticut, as evidenced by Liberty Bank's recent lawsuit. With significant hurdles to buying homes and generating wealth, Hartford misses out on opportunities for economic investment.

In response, non-profit, community advocacy, and homeownership organizations such as the Neighborhood Assistance Corporation of America (NACA) assists those even with poor credit to purchase a home. Their mission makes the dream of homeownership possible through counseling thousands effectively and honestly: "NACA has conclusively shown that when working people get the benefit of a prime rate loan, they can resolve their financial problems, make their mortgage payments and become prime borrowers. NACA's track record of helping people who have credit problems become homeowners or modify their predatory loan debunks the myth that high rates and fees are necessary to compensate for their "credit risk.""[26] Partnering with community organizations who advocate against institutional forms of discrimination, increase accessibility to financial tools for all residents.

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[23] "Yale Homebuyer Program Renewed Through 2019", *Yale News,* December 21, 2017. https://news.yale.edu/2017/12/21/yale-homebuyer-program-renewed-through-2019

[24] Rodin, Judith, *The University and Urban Revival: Out of the Ivory Tower and Into the Streets,* (Philadelphia: University of Pennsylvania Press, 2007), 81-106.

[25] Cormier, Leah, et.al.

[26]"About NACA", Neighborhood Assistance Corporation of America, 2019, https://www.naca.com/about/about-naca/

4. Assessing Effectiveness of Tools in V.A.L. Area

The tools that exist above may all be used in the V.A.L. area. However, based on our research, there are barriers preventing these tools from being fully effective.

4.A. Economies of Scale

With the large inventory of 1-4 unit housing stock in the V.A.L. area, the proportionate savings in costs to developers interested in investing in this area is not appealing. Typically, banks are much more risk averse and stringent with mortgage origination for the investors in these 2-4 unit properties unless the investor plans on living on the property. For example, in the 2-4 unit properties, just one vacant unit translates to a 25%-50% vacancy for that property, which banks and investors see as risky.

4.B. Poor Marketing to Small Homeowner or Developer

It is not helpful for the myriad of tools to exist without an audience, but, unfortunately many Hartford residents and Hartford employees do not know there are programs available to them to buy or fix up their home.

4.C. Lack of Assistance to Small Homeowners or Developer

Individuals or families seeking to buy or rehabilitate a home in the area may find the process daunting and bureaucratic. Very little assistance to the unsophisticated homeowner, buyer or developer may discourage proceeding with the process.

4.D. Stigma of Hartford Neighborhood

Perception of neighborhoods matter deeply when choosing where to rent or buy a home. These decisions are as emotional as they are financial. Many people perceive or are told by others that Hartford is dangerous and undesirable for families due to the perception of poor public schools. Despite investment in the Learning Corridor, presence of Trinity College and other neighborhood resources, there is a general stigma about living in the V.A.L. area.

4.E. Lack of Commercial Lending

Developers face a major hurdle when it comes to financing. While some lending institutions will provide funding for these housing projects, most developers have to turn to private investors who have motivations beyond profit. This means structuring the deals around terms of the private investors, rather than the needs of the marketplace/community.

4.F. Blighted Properties Make Renting or Buying Unattractive and Expensive

Dilapidated buildings, falling paint, and trash-sewn houses discourage individual renters and families, as well as possible commercial lenders from being active in the neighborhood.

4.G. Permitting Process

Many jurisdictions have processes that lack clarity, which adds time and drives up costs to the homebuyer/investor. Developing or rehabbing small multi-family can be very murky while progressing through the public input process, which can lead to a very time consuming project. The permitting process should be streamlined to alleviate these issues.

5. An Example of A Mixed Income Housing Community Success Story

In this section, we will examine an example of a mixed income housing community in Atlanta, Georgia. We are examining this example as it presents a success story of a mixed income community which was successful in delivering the gains mentioned previously in the report. While the Village of Techwood is a mixed-income development with many units, this example allows for the understanding of what leads to a successful and sustainable mixed-income housing community and addresses some of the barriers that the V.A.L. area faces. When looking at examples of small multi family homes as defined previously, there was research conducted on financing tools in regards to single family homes as well as large units starting from 60 units and beyond; however, there was no case study that fully reflected the implementation of the above financing tools in small multi family homes. In addition, when looking at Hartford Assessor Property Information data, we found that 66% of housing in Hartford is composed of multi family homes and condos, and 34% are single homes which are heavily located in the outskirts of Hartford near the suburbs.

The housing in the V.A.L. area is uniquely stocked, and research is limited at this time. However, since our goal is to develop a mixed income housing community, and while there are 900 units in the Village of Techwood, a large number of units in of itself is a community. Therefore, as the Village of Techwood is a successful mixed income community, we would like to draw from the successes of this community.

Since we wanted to focus on the small multi family homes, which is the most common housing stock in the V.A.L. area, we designed this part of the report to review an example that provides best practices in approaching a mixed income housing redevelopment rather than focusing on the financial tools. This example will allow us to determine under which conditions mixed-income housing best thrives and how we can use or recreate such conditions in Hartford, specifically in the V.A.L. area.

The Village at Techwood, Atlanta, Georgia

The redevelopment of the Village of Techwood is more than just a planned redevelopment, it's a neighborhood revitalization program. This program goes beyond just housing development but rather includes planning for other resources like schools and retail facilities to be included in the redevelopment as these components are vital to attracting market-rate buyers and in ending the isolation of public housing residents.

The Village of Techwood is part of a bigger public housing transformation program: the Olympic Legacy Program targeting the transformation of four public housing communities with the aim of ending the isolation of public housing residents from the larger society. This program, as described by the Housing Authority of the City of Atlanta (HACA) is:

> *"a neighborhood revitalization effort, combining human development with the development of physical infrastructure. The physical development focuses on building high quality residential units with sufficient amenities to attract tenants from various income levels. The human development component focuses on providing quality schools*

that serve the development and on improving the life chances of public housing residents through job training and job placement." [27]

The Village at Techwood is a 900-unit mixed-income development planned for the site of two public housing developments -Techwood Homes and Clark Howell Homes. HACA was asked to re-evaluate the original HOPE VI plan, with the goal of addressing issues of deconcentration of low-income families through the development of mixed income communities by both providing supportive services to public housing residents and leveraging public resources. From this re-evaluation, it was made possible to make this vision apply to the development of Techwood Homes and Clark Howell Homes.

Project Development

This project has three components: a physical redevelopment component, an economic development component, and a supportive social services component. For the physical redevelopment component, 40% will be public housing replacement units funded through the use of HOPE VI funds and tax credits, available for families at 60% or below of median income. 20% will be tax credit eligible units available for families at 50% to 60% or below of median income, with rents in the $500-$700 range, and finally, 40% will be market rate units with rents in the $590-$1000 range.[28] For the economic development component, programs have been developed to improve the life chances of public housing residents through economic empowerment like the Training and Employment Center for employment training and career-development services for the residents, as well as the on-site Cultural Enrichment Center which focuses on offering opportunities to resident-owned businesses. Finally, the supportive social services component is addressing the needs of the existing residents of Techwood and the new population that will be attracted to the development. The goal is to create a network of interlocking social service delivery systems that support the present and long term needs of residents. This social services plan will include a needs assessment for current residents to better plan and coordinate services, as well as a plan to integrate low-income residents in service-related employment, for instance, Residents will be paid a stipend and will be placed among the staff of the various social service providers, e.g. the Boys and Girls Clubs, and the YMCA, who are currently serving the community and will continue to serve the community in the future.

Financing Plan

The financing of the Techwood redevelopment involves a unique mix of both public and private resources. A unique model agreement was negotiated with HUD that allows the use of public housing operating subsidies for units not operated by the HACA. As per the Regulatory and Operating Agreement, the subsidy is not attached to a particular unit, hence can 'float' for eligible public housing units. This allows for better income-mixing to be achieved by allowing both public housing residents and market-rate tenants to be mixed.

[27] Newman, "The Atlanta Housing Authority's Olympic Legacy Program: Public Housing Projects To Mixed Income Communities."

[28] Schubert and Thresher, "Lessons from the Field: Three Case Studies of Mixed - Income Housing Development."

The success of this program goes in part to the marketing HACA has conducted to get commitments to this project from various governmental and private entities like HUD, the City of Atlanta for investment in infrastructure, the Atlanta Public Schools, the various taxing bodies on tax abatement, etc… The success was also due to HACA's and the Integral Partnership's time commitment to communicate and get feedback and learn the fears and concerns of current residents and the bigger population as a whole, in addition to the importance of having a proactive press and public relations strategy to change the image of Techwood which was known for crime. The success was also due to the focus on the design and the quality of units, security and amenities like a magnet school to attract market-rate renters and buyers and improve the quality of life of current residents.

6. Recommendations

#1: Execute Marketing Campaign to Increase Visibility of Available Programs and Tools
With the plethora of financing programs available to those individuals that aspire to live and invest in the Vernon Street, Allen Street, and Lincoln Street neighborhoods, an aggressive marketing campaign seems to be the missing piece to help educate citizens and investors to the opportunities Hartford has to offer. An aggressive marketing campaign can help elevate those areas into economic and social prosperity by decreasing the amount of vacant housing while simultaneously helping to propel the anchor institutions (CCMC, Trinity College, Hartford Hospital, etc).

#2: Financing Tools Must Be Simplified and Expanded
Layers of bureaucracy, complex application processes, long wait times for financial benefits/reimbursements/credits, and high investment minimums present barriers to individuals who want to use financial tools but don't have much equity or expertise to begin with. To increase the amount of members of our community that can participate housing programs, more assistance in the forms of counseling or workshops should be offered for individuals.The Hartford Preservation Fund is a great example of how an organization can serves as a middle person, assisting developers and individual home owners through the tax credit process.

#3: Leverage Anchor Institutions to Support Supply and Demand
Trinity College offers a $10,000 grant in our exact research area, and with a land banking program on its way, hundreds of neglected homes may get a face lift, appealing potential buyers. However, there is still much anchor institutions can do to encourage economic growth. Yale University and the University of Pennsylvania are great examples of how campuses work with their municipalities to create affordable rental markets and homeownership opportunities. Both programs have developed homebuyer programs equipped with required counseling and various loan offerings. Trinity College should consider investing additional time and effort into their homebuyer program. Collaborating with additional stakeholders, such as the city or community banks, may allow for additional incentives such as a mortgage-guarantee program, a home improvement loan, and a robust counseling program. This has the potential to create the demand necessary to catalyze affordable home rentals and ownership.

#4: Focus Must Encompass *both* Housing Development and Neighborhood Revitalization
The success of the mixed-income housing community does not rely solely on providing mixed income housing but is based on the inclusion of resources and amenities that will support that community, including but not limited to good schools, job opportunities within the community, public spaces like parks and playgrounds, etc… These amenities will not only attract market-rate buyers and renters, but will make a lasting impact on the quality of life of all residents. The idea of mixed-income neighborhood revitalization has seen success in the Village of Techwood and through Yale University's revitalization efforts, which has committed to many neighborhood revitalization efforts including the employment of 1,000 New Haven residents by April 2019.

#5: Additional Research on Anticipated Social Gains is Needed
The economic gains of mixed-income communities are quantifiable and have been able to be documented through the research of established communities over time. The anticipated social gains, however, are less quantifiable and is an area of further research. In fact, some research has shown that there is limited interaction between high and lower income residents or tension and watchfulness present in the interactions they do have.[29] In addition, it should be noted that the social gains anticipated for mixed-income communities are often deficit-oriented and pejorative to low-income residents.

[29] Diane K. Levy et. al, "Mixed-Income Living: Anticipated and Realized Benefits for Low-Income Households." *Cityscape: A Journal of Policy Development and Research* 15, no. 2 (2013) 19, https://www.huduser.gov/portal/periodicals/cityscpe/vol15num2/ch1.pdf.

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