

Housing Choices

When a community is addressing its housing needs, the following issues are usually common:

- The need to increase the housing supply,
- Reducing the cost of housing,
- Improving housing quality,
- Eliminating dilapidated housing, and
- Revitalizing neighborhoods.

Urban areas, especially, have the task of improving housing choices for a range of income levels. Affordable housing, as defined by the U.S. Department of Housing and Urban Development (HUD), is a home costing no more than thirty percent of the gross income for a family. An estimated 12 million renter and homeowner households now pay more than 50 percent of their annual incomes for housing. Some estimates report that 8.6 million renters and 6.4 million homeowners in the United States pay more than thirty percent of their incomes for housing and live in structurally inadequate or overcrowded homes. Additionally, a family with one full-time worker earning minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the United States. The lack of affordable housing is a significant hardship for low-income households preventing them from meeting other basic needs, such as nutrition and healthcare, and saving for their family's future.



A lack of housing choices within the city causes many to commute long distances, contributing to traffic congestion. A mix of housing types in a community encourages alternative types of transportation.

A range of housing types is also important to a thriving community. Housing that meets the needs of a community should be available, including apartments, townhomes, condominiums and single family units.

In some areas around the country, housing prices are rising faster than incomes, making housing problematic for everyone. Providing housing choices throughout the region is critical to both our economy and to alleviating traffic congestion. Creating a balance of jobs and housing will help businesses find employees and reduce congestion by reducing commuting distances.

Mixed-Income Housing

One method of responding to these issues is to create better housing choices through mixed-income housing. Mixed-income housing describes developments that contain units that are affordable to households with incomes ranging from low to high. Mixed-income housing has been recognized as a means to leverage market forces to provide a secure, high-quality, well-maintained living environment while increasing affordable housing options for lower- and moderate-income households.

As a result, mixing incomes has a number of results:

- Supply affordable housing options,
- Increase absorption in large planned developments,
- Revitalize urban neighborhoods, and
- Decrease the concentration of poverty in publicly assisted housing.

The Urban Land Institute identifies three types of mixed-income housing:

- **Master-Planned Communities:** A large-scale development, ranging from several hundred to 50,000 or more units. They include housing types such as rental apartments, condominiums, townhouses, and single-family homes.
- **Neighborhood-Based Communities:** Efforts to revitalize existing housing stock, build new units, and attract affluent residents. The revitalization provides a retention program to prevent displacement of lower-income residents.
- **Project-Based Communities:** A development with a mix of market-rate and publicly assisted residents. It is achieved through a variety of state, local, and federal policies and developer incentives.

Why Mixed-Income Housing?

Mixed-income housing has the potential to improve communities. These developments can reduce the cost of city services, curb congestion and alleviate concentrations of poverty. Additionally, they may help reduce crime in neighborhoods.

A mix of housing that meets diverse needs and incomes allows the local workforce to live in the community in which they work. A range of housing types and prices also accommodates the needs of different generations. A retired couple on a fixed income who have downsized to a two-bedroom apartment can live down the street from their grandchildren who live in a single-family detached home.

Results of Mixed-Income Housing

Harbor Town, a new urbanist master-planned community adjacent to downtown Memphis, includes a mix of housing types, with apartments that rent for \$800 a month near riverfront houses that sell for \$800,000. The variety of housing options has drawn a wide range of buyers, including empty nesters, singles, families with children, and professional couples.



Harbor Town, a successful mixed-income planned development in Memphis, Tennessee offers a variety of housing choices.

Mixed-income housing has also fueled the revitalization of urban neighborhoods. Often, community development corporations oversee neighborhood redevelopment with the mission of attracting higher-income residents while ensuring current residents are not displaced. In Atlanta, Georgia, the Historic District Development Corporation (HDDC) is leading efforts to revitalize the Sweet Auburn National Historic District. The HDDC is comprised of neighborhood residents, community leaders, community business owners, and professional advisors. Since the HDDC began in 1980, it has overseen the development and restoration of over 100 homes.



Before and after photos of redevelopment in Atlanta's historical Sweet Auburn District. Sweet Auburn is located close to downtown Atlanta and is the birthplace of Dr. Martin Luther King, Jr.

Mixed-Income Housing Implementation

Mixed-Income housing developments are guided by both the public and private sector. An inadequate supply of affordable housing has an adverse impact on economic growth. The more people must spend on housing, the less they can spend on community goods and services. Additionally, businesses cannot expand their workforce without sufficient housing options.

Mixed-income housing developments are often part of mixed-use developments. Governments can offer incentives to encourage these types of developments. Some cities offer density bonuses and land assembly assistance to stimulate mixed-income housing developments. Additionally, some municipalities employ inclusionary zoning to stimulate more affordable housing units in a mixed-income setting. Inclusionary zoning can require that a percentage of every new residential development beyond a given minimum size is offered at a price below the market rate. These units would then be available to lower-income residents.

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