OHFA FHAct 50 Columbus Report

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Statement of Purpose:

This report is prepared for the staff at the Ohio Housing Finance Agency (OHFA) to assist in their allocation of funding with the new FHAct50 initiative. With the goal to create successful mixed-income housing this report analyzes what mixed-income housing is and how it can be successful. The $3 million in tax credits per city OHFA will distribute with this initiative is designated for Ohio's three largest; this report focuses on the Franklinton neighborhood in Columbus. In analyzing Franklinton, metrics are given and justified for measuring success of FHAct 50. These can be seen as a starting point, in which future data on these metrics can illustrate success or failure of the program. This report also discusses how boundaries are relevant to measuring program success for a neighborhood. Two types of boundaries for Franklinton are given to illustrate this effect. With such a large investment the analysis in this report is designed to guide OHFA with the mission of developing and promoting affordable housing in Ohio.

Mixed-Income Housing:

Mixed-income housing "can be defined as a development that is comprised of housing units with differing levels of affordability, typically with some market-rate housing and some housing that is available to low-income occupants below market-rate." [1] This is one strategy meant to address poverty in metropolitan neighborhoods; the number of high-poverty metropolitan neighborhoods doubled between 1970 and 1990. [2] Mixed-income housing was thus developed in the 1990s as a policy response, replacing the public housing projects that had created such high concentrations of poverty.

Mixed-income housing can have many benefits. "A mixed-income approach can have an important role in getting additional affordable units built, ensuring high-quality housing, and deconcentrating poverty." [3] The social mixing that occurs in mixed-income neighborhoods can benefit the lower income residents of the neighborhood. For example, social services in lower-income neighborhoods usually improve when higher-income individuals move in. [4] Often, new businesses open as well. These places mix in with the current businesses. They bring more traffic into the neighborhood, helping the economy. [5] In addition to these economic benefits, mixed-income housing developments allow for a greater amount of affordable housing in a variety of neighborhoods. A person's neighborhood has a large impact on the outcome of their life. This is especially seen in where a child goes to school. [6] A mixed-income development in an area with good schools allows for lower-income families to take advantage of these types of resources.

While many social scientists argue that social mixing will benefit all groups involved, there is sometimes social or political hostility. Often, lower-income and higher-income residents do not interact with one another. This can lead to resentment and feelings of being unwelcome in their own neighborhood. [7] Though not always intentional, higher-income individuals can sometimes politically take over a

[1] Mixed-Income Housing and the HOME Program. (2003).

[2] Hyra, D. (2013). Mixed-Income Housing: Where Have We Been and Where Do We Go From Here? *Cityscape,15*(2).

[3] Smith, A. (2002). *Mixed-income housing developments: Promise and reality*. Harvard Joint Center on Housing Studies.

[4] Davidson, M. (2008). Spoiled Mixture: Where Does State-led `Positive Gentrification End? *Urban Studies,45*(12).

[5] Davidson, M. (2008).

[6] Mixed-Income Housing and the HOME Program. (2003).

[7] Uitermark, J., Duyvendak, J. W., & Kleinhans, R. (2007). Gentrification as a Governmental Strategy: Social Control and Social Cohesion in Hoogvliet, Rotterdam. *Environment and Planning A: Economy and Space,39*(1).

neighborhood after moving in. [8] Even if a developer agrees to build mixed-income housing, there are many different social obstacles that alo must be tackled in order for the goals to be met.

There are limited studies on the success of mixed-income housing as a whole. Researchers instead often opt for case studies of individual developments. [9] Because each neighborhood is unique and each development presents its own challenges, it can be hard to make sweeping claims. The debate over whether housing is a social or physical good adds to the difficulty in measuring the success of mixed-income housing. [10] While mixed-income housing is successful in some of its goals, it also presents unique challenges and issues that cannot be solved solely through the mixing of incomes.

Examples[11]:

Varied reviews exists on the success of mixed-income housing. One example of an effective mixed-income housing project is Heritage Glen, located in Farmington, CT. The project consists of 68 attached, townhouse rental units, of which 31 are affordable and 37 are market-rate. Of these 68 total units there are 14 one-bedroom units, 50 two-bedroom units, and 4 three-bedroom units. Residents of Heritage Glen include families with children, singles, young couples, retirees, graduate students and medical professionals, as well as individuals of white, black, Hispanic, Asian, and other ethnic backgrounds. The project has succeeded in several ways, including a stagnant crime rate compared to other neighborhoods in Farmington. Second, property values have remained constant or increased in two adjacent communities. Third, lower-income residents benefit from having the option to live in the Farmington School District where they enjoy strong academics and outstanding extracurricular activities. Fourth, residents have learned from one another and worked to mitigate economic class lines. Mothers in the area say they often chat near the bus stop and have formed relationships with one another, all while being unaware of each other's rental rates.

Another example of a successful mixed-income housing project is Old Oak Village in Wallingford, CT. It consists of 80 3-bedroom condominiums, 56 which are market-rate and 24 are affordable for owners earning 80% of the area median income or less. Residents of the condos acknowledge that the neighborhood is peaceful while crime in the area is the same as other communities. A common thought is that mixed-income housing results in overwhelms local schools with children, however only 22 kids from all the units attend the Wallingford school district. Additionally, none of the condos have decreased in value; in fact, all have increased despite it being mixed-income. Many of the residents of Old Oak are first-time home buyers, so the affordable housing gives them an opportunity to live somewhere with a higher quality of life, low maintenance, diversity, and the ability to build wealth as incomes rise and equity increases. Residents have been said to exchange information, interests, and advice with neighbors of different ethnicities or income levels. Overall, both of these developments have been very successful and prove that the mixed-income model can work.

For both of these examples there were several evaluation techniques used. One of the best techniques they used was through surveying people. By talking to the local law enforcement they found out about the crime rate or history of emergency service calls. They also spoke directly to residents of the communities to get their thoughts and opinions. To figure out information on property values they used the city

[8]Hyra, D. (2013).

[9] Smith, A. (2002).

[10]Smith, A. (2002).

[11]Fink, David. "Success Stories: Mixed-Income Housing in CT." *Http://Pschousing.org*, 23 Oct. 2012, pschousing.org/files/PSC_Mixed-IncomeSuccessStories_10-23-12.pdf.

assessor's office website. Finally, to get information on the kids attending schools they looked at studies done by Rutgers University.

Goals:

The two most important goals in analyzing the FHAct50 project in Columbus are:

A) *Limit current resident displacement by maintaining housing affordability;*
B) *Increase access to resources and jobs*

Metrics:

The two metrics to be used to measure whether or not the mixed-income projects achieves these intended goals are:

A) *Ratio of Affordable Housing Units to Market Rate Housing Units;*
B) *Business Growth Rate*

Metric Rationale:

A) Ratio of Affordable Housing to Market Rate Housing

To measure whether - and to what extent - forced displacement of low income individuals occurs within the neighborhood of study, we propose assessing the ratio of affordable housing units to market rate units. Proponents of mixed-income development contend that it boosts upward mobility for low income individuals.[12] Conversely, opponents argue that it displaces[13] low income individuals by incentivising in-migration of wealthier individuals.[14] If the metric proposed - the ratio of affordable housing to market rate housing - increases, remains consistent, or decreases over time, it will indicate that the neighborhood housing stock has, respectively: i) become more affordable and resisted displacement effects, ii) remained just as affordable, or iii) become less affordable and likely displaced low income individuals - in contravention of OHFA's stated goal of creating "diverse and accessible communities."[15]

To operationalize this metric, we would first select a housing profile relevant to the chosen neighborhood, e.g. apartments with 2-3 bedrooms. Next, we would use income data from the census together with the 30% AMI definition of affordability[16] used by OHFA to determine the threshold dollar amount for affordability in that neighborhood. Sources such as Zillow or other real estate data sources would then provide the inputs for the ratio: housing values and rent prices for a sample of the neighborhood units that fit the selected housing profile. The size and characteristics of the neighborhood chosen for development will determine both the housing profile selected and the sample size assessed.

B) Business Growth Rate

To measure the change in the business sector of the chosen neighborhood, we propose assessing the business growth rate across three categories: service, merchandising, and manufacturing. Scholars hypothesize that when higher income residents join a mixed-income community, their increased spending

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[12] Joseph, M. L., Chaskin, R. J., & Webber, H. S. (2007). The Theoretical Basis for Addressing Poverty Through Mixed-Income Development. *Urban Affairs Review, 42*(3), 369-409. doi:10.1177/1078087406294043. [Urban Review at 370]

[13] Fraser, J. C., Chaskin, R. J., & Bazuin, J. T. (2013). Making Mixed-Income Neighborhoods Work for Low-Income Households. *Cityscape: A Journal of Policy Development and Research, 15*(2), 83-100. Retrieved from https://www.huduser.gov/portal/periodicals/cityscpe/vol15num2/ch6.pdf.[Cite to Cityscape, p. 84]

[14] Saunders, P. (2016, August 29). How To Understand Gentrification. Retrieved from https://www.forbes.com/sites/petesaunders1/2016/08/29/understanding-gentrification/#7cf8562135ec

[15] Alecusan, D., Fallon, K., & Price, C. (2019, January 2). OHFA-OSU Project Description [Letter to PUBAFRS 5400 SP2019 (5290) Registrants]. Columbus, Ohio.

[16] *The Gap: A Shortage of Affordable Homes* (Rep.). (2018, March). Retrieved https://nlihc.org/sites/default/files/gap/Gap-Report_2018.pdf.

power makes the community more attractive "for retail and commercial development and services."[17] Additionally, business growth is correlated with many positive outcomes, including rising real income,[18] job rates,[19] and tax revenues which maintain community infrastructure and services.[20] A positive business growth rate could indicate that the presence of higher income residents does, in fact, create a market demand for services and products strong enough to incentivise a response from external actors.[21] A positive business growth rate could also provide insight about correlated outcomes like real income, tax revenues, and community infrastructure and services. A negative growth rate will indicate the opposite.

To operationalize this metric, we will use internet search engines, the county auditor's website, and hand counting in person to record the number and categories of businesses. Businesses operating out of homes will also be included. The business size may be recorded but will not factor into the three categories listed. Whether the office is leased or owned may be recorded but not will factor into the data, since this could skew the results.

Neighborhood ID:
The neighborhood identified in this report is Franklinton in Columbus.

Defining Neighborhoods:
The traditional method of defining neighborhoods is through administrative boundaries such as census blocks, block groups, tracts or zip codes that group residents by geographical proximity.[22,23] However, these strict boundaries can fail to account for factors such as demographics or geographical features (obstructions to pedestrian traffic, changes in land use, etc.) that impact residents' social networks, use of resources/infrastructure, and economic behavior.[24,25,26,27] Since approximately the 1990s, researchers have begun to solve this problem by including social definitions, GIS mapping, and other geographical measures in their definitions. These methods can be as simple as including a 400-meter radius around residential areas in the neighborhood[28] or asking residents what they perceive their neighborhood to be,[29,

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[17] Joseph, M. L., Chaskin, R. J., & Webber, H. S. (2007). The Theoretical Basis for Addressing Poverty Through Mixed-Income Development. *Urban Affairs Review, 42*(3), 369-409. doi:10.1177/1078087406294043.

[18] Christopher, W. H. (2006, July). *Neighborhood Characteristics Matter When Businesses Look for a Location*(Rep.). Retrieved https://pages.wustl.edu/files/pages/imce/scienceandtechnology/neighborhoodcharacteristics.pdf.

[19] See note 18 above.

[20] See note 18 above.

[21] *See* Levy, D. K., McDade, Z., & Dumlao, K. (2010, November). *Effects from Living in Mixed-Income Communities for Low Income Families*(Rep.). Retrieved https://www.urban.org/sites/default/files/publication/27116/412292-Effects-from-Living-in-Mixed-Income-Communities-for-Low-Income-Families.PDF.

[22] Hart, T. C., & Waller, J. (2013). Neighborhood Boundaries and Structural Determinants of Social Disorganization: Examining the Validity of Commonly Used Measures. Western Criminology Review. Retrieved April 7, 2019 from https://westerncriminology.org/

[23] Foster, K. A., & Hipp, J. A. (2011). Defining Neighborhood Boundaries for Social Measurement: Advancing Social Work Research. Social Work Research, 35(1), 25-35. doi:10.1093/swr/35.1.25. Retrieved April 7, 2019 from https://academic.oup.com/swr

[24] Weiss, L., Ompad, D., Galea, S., & Vlahov, D. (2007). Defining Neighborhood Boundaries for Urban Health Research. American Journal of Preventive Medicine, 32(6S), S154-S159. Retrieved April 7, 2019, from https://www.ajpmonline.org/.

[25] Gotham, K. F. (2003). Toward an Understanding of the Spatiality of Urban Poverty: The Urban Poor as Spatial Actors. International Journal of Urban and Regional Research, 27(3), 723-737. doi:10.1111/1468-2427.00478. Retrieved April 7, 2019, from http://www.ijurr.org/

[26] Burton, L. M., Price-Spratlen, T., & Spencer, M. B. (1997). On Ways of Thinking About Measuring Neighborhoods: Implications for Studying Context and Developmental Outcomes for Children. In Neighborhood Poverty: Policy Implications in Studying Neighborhoods (pp. 132-144). New York City, NY: Russel Sage Foundation. Retrieved April 7, 2019, from books.google.com

[27] Campbell, E., Henly, J. R., Elliott, D. S., & Irwin, K. (2009). Subjective Constructions of Neighborhood Boundaries: Lessons from a Qualitative Study of Four Neighborhoods. Journal of Urban Affairs, 31(4), 461-490. doi:10.1111/j.1467-9906.2009.00450.x. Retrieved April 7, 2019, from https://urbanaffairsassociation.org

[28] Gale, S. L., Magzamen, S. L., Radke, J. D., & Tager, I. B. (2011). Crime, neighborhood deprivation, and asthma: A GIS approach to define and assess neighborhoods. Spatial and Spatio-temporal Epidemiology, 2(2), 59-67. doi:10.1016/j.sste.2011.01.001. Retrieved April 7, 2019, from https://www.journals.elsevier.com/spatial-and-spatio-temporal-epidemiology

[30,31] or as complex as mapping pedestrian traffic in GIS with data from direct observation or surveys (Weiss et al, 2011).[32] Regardless, the goal of these additional definitional criteria is to increase the accuracy of neighborhood boundaries for whatever the researchers in question wish to study.

Franklinton Boundaries

A) Census Tracts:

Defining the Franklinton neighborhood according to census tracts 42, 43, 50, and 53 provides both advantages and disadvantages. Some of the advantages using census tracts include: i) they provide existing, established delineations that have data records collected over time, ii) the tracts contain approximately the same population size, and iii) housing, demographic, and socio-economic data of the census tracts are generally comparable across a long period of time.[33]

Using census tract delineations have drawbacks, however. Some tracts have not been re-assessed for long periods, so they may not capture rapid, internal changes that have recently occurred.[34] Specifically in Franklinton, a neighborhood recently identified as an opportunity zone and facing increasing threat of gentrification, which seems to manifest in the large variety in average income of the assessed census tracts. This difference in income levels within the tracts could skew results by underestimating the affordability within the neighborhood.

B) Physical Boundaries

Drawing neighborhood boundaries according to the physical boundaries results in the following boundaries: Scioto River (north), River and Harmon (east), Stimmel Rd. (south), and West of Schultz and I-70 (west). With few exceptions, delineating neighborhoods according to physical boundaries is a generally accepted mapping method. Additionally, the historical context of the Franklinton neighborhood further cements the justification for using these physical boundaries.

Historically, Franklinton predates the city of Columbus. It was founded in 1797 on the west peninsula of the Scioto River, in the “bottom” land which flooded and was therefore good cultivating land for crops. As flooding become an issue for habitation and property destruction, the settlement moved further west and encompassed a larger area, but still centered geographically on the west peninsula of the Scioto River. The river created a natural boundary on the east and north of the community. Over time, man-made boundaries (mainly I-70) made a generally-accepted enclosure of the neighborhood boundaries on the west and south.

a) On the East/West Franklinton Split

Approximately in 2013, when major business investors started to take an interest in East Franklinton (the portion of the neighborhood east of 315), an East Franklinton Review Board was formed; and this board is comprised mostly of people with expertise in architecture and design in anticipation of the greater need for professional knowledge when dealing with large-scale new builds, both residential and business/corporate structures. The feeling was that the regular area commission members (mostly area

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[29] Charles, C. Z. (2000). Neighborhood Racial-Composition Preferences: Evidence from a Multiethnic Metropolis. Social Problems, 47(3), 379-407. doi:10.2307/3097236. Retrieved April 7, 2019, from https://academic.oup.com/socpro

[30] Krysan, M., Couper, M., Farley, R., & Forman, T. (2009). Does Race Matter in Neighborhood Preferences? Results from a Video Experiment. American Journal of Sociology, 115(2), 527-559. doi:10.1086/599248. Retrieved April 7, 2019, from https://www.journals.uchicago.edu/toc/ajs

[31] Sampson, R. J., & Raudenbush, S. W. (2004). Seeing Disorder: Neighborhood Stigma and the Social Construction of “Broken Windows”. *Social Psychology Quarterly, 67*(4), 319-342. doi:10.1177/019027250406700401. Retrieved April 7, 2019, from https://journals.sagepub.com/home/spq

[32] See note 24 above.

[33] *Neighborhood Boundaries* (pp. 9-13, Rep. No. 141). (1960). Chicago, IL: American Society of Planning Officials. doi:https://planning-org-uploaded-media.s3.amazonaws.com/legacy_resources/pas/at60/pdf/report141.pdf

[34] See note 33 above.

residents) would be ill-equipped to handle the structural and design assessments of this scale and volume. There are normally two area residents appointed to the East Franklinton review board in addition to these professionals (currently Judy Box and Matt Egner).

The EFRB only handles decisions with the Scioto Peninsula area, bounded on east by the river and on the west by SR315. However, at this point in time they are still considered a sub-group of the overall Franklinton Area Commission and technically FAC has final say on all decisions.

The FAC map follows the traditional neighborhood boundaries: North and East at the Scioto River, west and south by I-70 except for a small portion of southern neighborhood bounded by Greenlawn and Harmon. There has been debate regarding Rt 315 as a major physical boundary, bisecting East and West Franklinton. Because of the disproportionate growth of new/higher-end builds in East Franklinton, it would be advisable to study the affordable housing stock throughout the neighborhood (both east and west) in order to achieve less biased results.

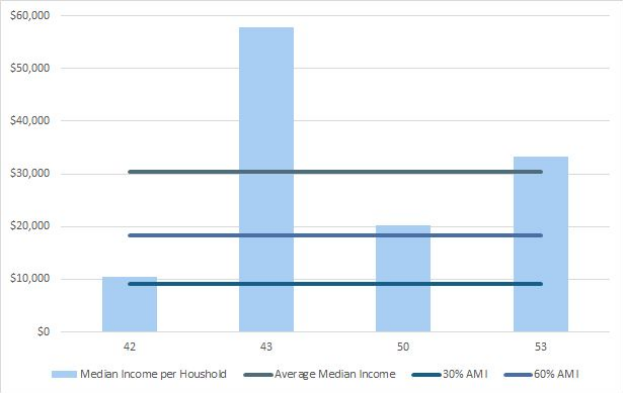
Data Rationale:

The data used to analyze and graphically illustrate the business development is NAICS data, or the North American Industry Classification Systems. This point data set is standardly used by United States Federal agencies for classifying business establishments in relation to the U.S. business economy.[35] Our data provides spatial and descriptive data regarding all the businesses in the State of Ohio in 2017, yet has been refined to only be those in our selected boundaries (census tracts and physical boundaries). Each business is categorize by its type and then given a NAICS code. Map 1 in the appendix displays the business data for 2017 categorized by number of employees.

Data used to measure the ratio of housing affordability is drawn from various real estate websites, such as Zillow.com, Tulia.com, and Apartments.com. US Census Bureau data on household income was used to determine 30% and 60% AMI for the identified census tracts, and then used to categorize the available housing on affordability. Map 2 in the appendix displays the identified housing data categorized by affordability.

Impact of Boundaries in Measuring Mixed-Income Housing:

Boundaries determine how resources are allocated. Census tract drawing, for instance, affects how state and federal funds are awarded, affecting school programming, infrastructure, social assistance programs, or tax incentives. In an area of rapid growth such as Franklinton, determination of boundaries must be carefully considered in order to not skew data favorably or unfavorably in the measurement of mixed-income development outcomes.



The displayed graphic shows how boundaries, such as census tracts, can easily be skewed by the inclusion or omission of certain areas. For Franklinton the area median income for households are: $10,403 for tract 42; $57,774 for tract 43; $20,160 for tract 50; and $33,252 for tract

[35] North American Industry Classification System. (2017). Retrieved from https://www.census.gov/eos/www/naics/

53.[36] The large range skews the average median income for whole neighborhood.

In analyzing the spatial patterns of businesses by number of employees (Map 1) one can observe that the majority of businesses in Franklinton are small, consisting of 1-9 employees. The boundaries selected to sample businesses affects Metric B by altering the perceived average of employment opportunities. By measuring number of employees, one can see if business development is actually positively contributing to more real employment opportunities.

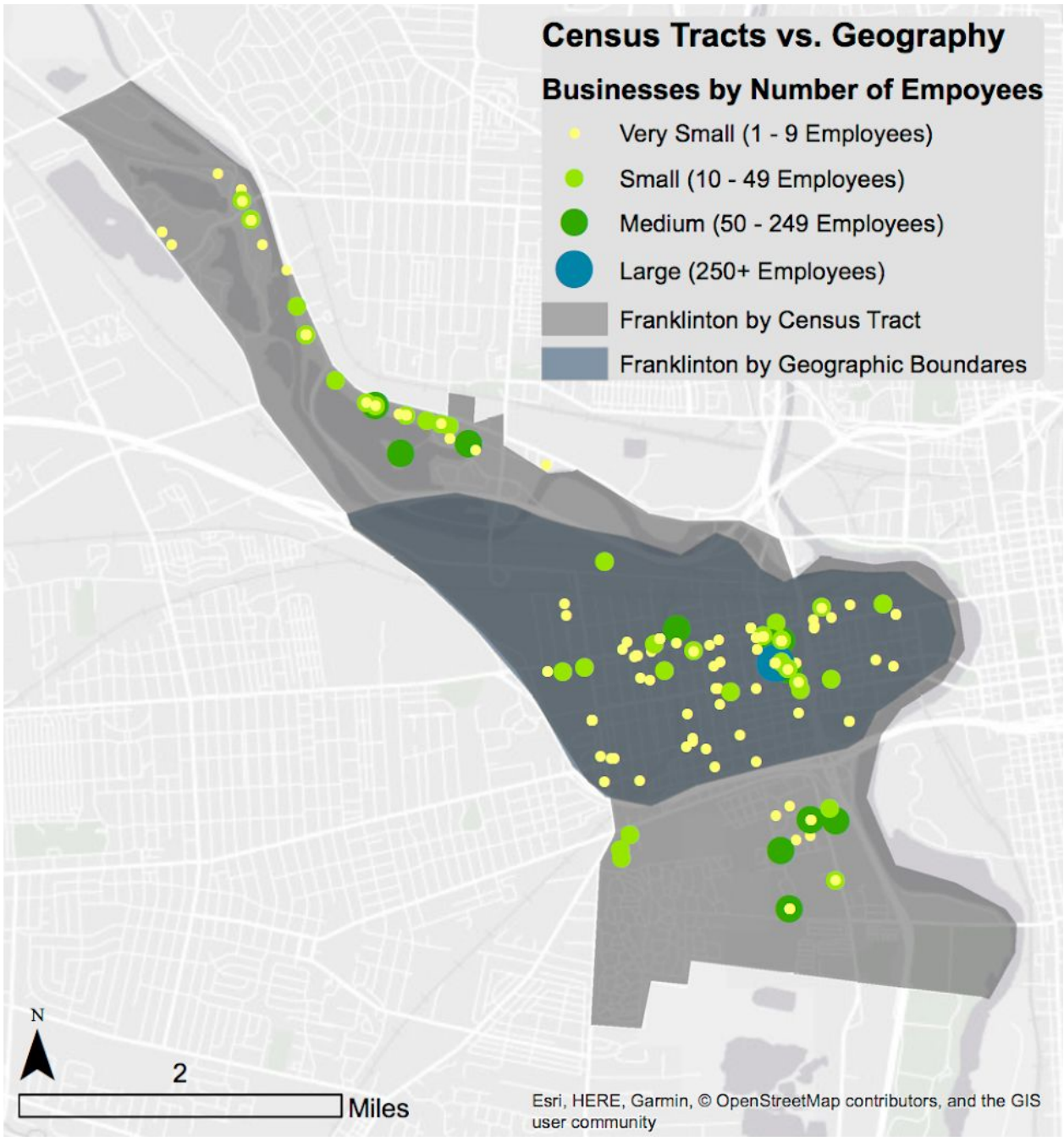
The intentionality of the City in creating an East Franklinton Creative Community Revitalization Plan and subsequently the East Franklinton Review Board assumes a concentration of resources in the area of the neighborhood east of SR315 for new builds and incentivized growth in housing options for the influx of a higher-income demographic. These incentives have implications for the entirety of the surrounding neighborhood, as the growth in one area will spur market interest in nearby property. In order to not contribute to displacement of lower-income families nor to exacerbate economic segregation, the boundaries considered for study must account for a historically low-income population and track how any changes going forward may affect them.

Therefore it becomes vitally important to select boundaries that are inclusive of the geographic area likely to be impacted both directly and indirectly by mixed-income housing development.

[36] 2017 American Community Survey Data. United States Census Bureau. Retrieved from https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

Appendix

Map 1:
Census Tracts vs. Geography: Businesses by Number of Employees



Map 2
Census Tracts vs. Geography: Housing Affordability