The Challenges and Opportunities of Financing the Social Mission of Mixed-Income Communities

Mixed-Income Strategic Alliance
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# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>3</td>
</tr>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>The Intersection of Mixed-Income Communities and the Social Determinants of Health</td>
<td>4</td>
</tr>
<tr>
<td>How Planned Mixed-Income Communities Fund Community and Social Services</td>
<td>5</td>
</tr>
<tr>
<td>Funding Challenges in Mixed-Income Communities</td>
<td>6</td>
</tr>
<tr>
<td>Future Directions</td>
<td>9</td>
</tr>
<tr>
<td>Conclusion</td>
<td>12</td>
</tr>
<tr>
<td>Citations, References, and Acknowledgments</td>
<td>13-14</td>
</tr>
</tbody>
</table>
Executive Summary

This report is an exploratory assessment of the opportunities and challenges of sustainably financing human capital outcomes in mixed-income communities. It was developed through interviews with national experts and practitioners as well as a review of salient articles, research reports, and publicly-available information. This report focuses on planned mixed-income communities largely resulting from public housing transformations (e.g., HOPE VI and the Choice Neighborhoods Initiative), as well as funding and financing possibilities for developments where there is a focus on the social determinants of health. It provides an initial overview of existing practices and models, reviews challenges to sustainable funding and finance, and points to future directions in sustainable financing that are ripe for experimentation and learning.

We find that resourcing human capital development outcomes in mixed-income communities chiefly depends on ongoing charitable fundraising and partnership building at the local sites. While there are examples of leveraging human capital operating subsidies from the development deal or management contracts, the more prevalent financing arrangements are grants from foundations, local philanthropic organizations, and in some cases individual donors. Financing human capital development with program-related investments, loans, social impact bonds, social enterprises, and other more entrepreneurial—and possibly sustainable—arrangements has not happened yet at a significant scale. There are possibilities emerging in these areas, but these remain financing innovations in this field.

The takeaways from this initial exploration are that funding and financing human capital development outcomes needs to be raised much higher on the priority agenda of mixed-income developments, and financing innovations in this area need to be seeded, tracked, and evaluated. If much of the “unfinished business” of mixed-income communities relates to the degree of true social inclusion of these communities, the economic mobility of their low-income residents, and the human capital development of all residents—all of which in turn are entangled with the social determinants of health—those results must be resourced sustainably. Timeframes for achieving these results also go beyond the traditional development or construction cycle of three to five years, yet mixed-income communities often do not have resources secured for human capital development for longer time horizons. It is this gap between essential elements of these communities and the resources that are necessary to achieve them that lead us to conclude that innovations in funding are essential. These innovations would cut across categorical funding streams, policy silos, and different sectors, confronting the barriers that constrain how money can be used flexibly and constructing collaborations that enable individual partners to add value to and share risk within a mixed-income community project.

Introduction

Mixed-income communities have the promise of providing residents from a variety of social and economic backgrounds an environment in which they can lead healthy lives and thrive. Available research confirms the clear benefits of living in a socially and economically diverse community, but it also points to significant remaining social and economic challenges. It has become clear that while mixed-income communities may facilitate residential integration, they do not ensure meaningful and positive social integration nor economic mobility for residents. Today’s political, economic, and social environment of race-baiting, exclusion, and heightened inequality may, in fact, exacerbate and complicate the group segregation dynamics that often emerge in mixed-income communities. Yet, despite the countervailing forces against inclusion, these communities still provide the primary opportunity to demonstrate that equitable, inclusive, healthy communities
for all residents are not only possible but highly desirable. If they are to succeed fully in human capital development as well as housing redevelopment, however, mixed-income communities require disciplined approaches, rigorous evidence, and increased resources targeted to the human capital development priorities that currently get less attention than they deserve. With increasing momentum across multiple sectors to address the social determinants of health, especially by improving housing stability, there are more possibilities for partnership emerging in mixed-income developments. By attracting more stakeholders, those partnerships should theoretically attract more resources as well, bringing more sectors to the table. They should also provide a platform for organizing and deploying resources for greater impact. However, while resources generally flow through established mechanisms for the physical development (e.g., project-based vouchers, Low-Income Housing Tax Credits), consistent, proportional levels of resource do not always flow to the social, community, and economic drivers (i.e., social determinants of health) of those projects and the well-being of the residents who need them. Simply put, the human capital aspects of mixed-income communities are often not sustainably resourced, and this constrains the availability of equitable opportunities to succeed for all residents in the new community. Solving this problem becomes increasingly important as federal grants (that often catalyze both physical and human capital development) are increasingly constrained.

There are structural barriers to solving this problem, rooted in the way funding streams are now constructed. Despite the seeming alignment of interests and results of health, human services, and employment and training systems with mixed-income developments, these systems have rarely combined in a way that provides consistent and scalable pathways of opportunity for residents, across sectors and funding silos. For instance, even though these systems may often target the same populations—very low-income families who may be experiencing a range of problems and face many barriers because of their situations—the health and housing systems are organized and financed so differently that resources may not be packaged to the maximum advantage of residents. If there were greater strategic alignment and leveraging of resources across the systems, perhaps this could be a pathway to sustainably financing the programs, services, and strategies within mixed-income communities, leading in turn to healthier outcomes for residents and greater stability and cohesion in the community overall.

The Intersection of Mixed-Income Communities and the Social Determinants of Health

Stable, quality housing has been identified as an important social determinant of health. Mixed-income communities offer an opportunity to provide stable, quality housing while also addressing other important social factors that influence health. They are a type of development “with housing and other amenities, such as parks, schools and community centers that has the mixing of income groups as a fundamental part of its financial and operating plan.” Some social determinants of health (e.g., the de-concentration of poverty, improving access to economic opportunity and health supports, and creating a sense of belonging and social cohesion) can be addressed more directly and comprehensively by mixed-income communities than by efforts to produce individual units of affordable housing. Given this, mixed-income communities have the potential to improve the health of their residents in two broad ways: direct and indirect health interventions (Mixed-Income Strategic Alliance, 2019).

Direct health interventions refer to things such as access to healthcare, health clinics, wellness centers, and health education. Indirect health interventions can refer to things that address social determinants of health, including physical improvements, economic opportunity, and inclusive social dynamics. In these ways, mixed-income communities can serve as a
platform to embed direct health interventions, while also serving as a way for indirect health interventions to be deployed.

Recent policy conversations have focused on the strong research and evidence base linking housing mobility and health outcomes. At the same time, while much is known about the negative effects of social and economic isolation on health, there is very limited research on the relationship between mixed-income community development and the social determinants of health. We do know, however, that supportive services for residents and proactive strategies for promoting inclusive social dynamics in the mixed-income setting play an important role in making progress social and economic mobility.

“Planned” mixed-income communities (e.g., HOPE VI, Choice Neighborhoods) are among the most robust and longstanding efforts of their kind in the country. As such, they provide a strategic venue for exploration due to program structure, the level of intentionality around shorter and longer-term financing, and the positioning of identifiable actors—city departments, housing authorities, private developers and operators, financial intermediaries, and philanthropic partners—with responsibility for solving sustainability issues. Learning from their experience and innovating in these planned efforts could generate strategies and tools that could be applied more broadly in mixed-income communities, specifically those generated through inclusionary policies and housing preservation efforts.

How Planned Mixed-Income Communities Fund Community and Social Services

HOPE VI and the Choice Neighborhoods Initiative, administered by the U.S. Department of Housing and Urban Development (HUD) to transform traditional public housing sites, as well as other planned mixed-income community development efforts often include funds for both physical development and community and supportive services for residents with low incomes on the redeveloped site as part of their original funding package. The investments in “people” can be used to provide direct services (e.g., support in finding and maintaining employment), and they are also used to hire staff (e.g., case managers, resident service coordinators, and community organizers) who can help residents navigate community organizations and social service systems to get access to supports they and their families need to improve their health, strengthen social networks, and move toward greater self-sufficiency. Some public housing authorities have the capacity to provide direct services themselves, while others provide services like case management that connect residents with services offered by community partner organizations.

During and after the initial Choice Neighborhoods implementation grant, philanthropic funds are often tapped to continue programs and services, and, over time, Choice Neighborhoods funding for staffing and/or service levels are likely to be reduced. In many cases, there is a reliance on foundation grants and fundraising to make up these declining revenues from the initial federal support. In this initial inquiry, we have yet to find examples of mixed-income communities that leverage financing such as loans or impact investments to sustain human capital programs and services. Grants (philanthropic and public sector competitive programs) are often short-term, typically covering three to five year periods. This approach to resourcing the “people” (i.e., non-physical, social determinants of health) work makes it difficult to continue providing services and programs at the necessary scale once the initial public funds have been exhausted.

As the Choice Neighborhoods Initiative evolved, HUD required grantees in 2012-2013 to set aside part of their federal grants (and associated matching funds) designated for community and supportive services for an endowment that would fund the work in perpetuity. While this was a strategy toward creating permanence, there is mixed opinion on
whether already limited government resources and subsidies should be set aside to seed endowments at the expense of better meeting residents’ current needs, even in the name of financial sustainability. Because of implementation irregularities across sites and negative feedback in general, in 2015, the requirement to set aside funds for an endowment was lifted in the Choice Neighborhoods program by HUD in subsequent grant competitions.

Some of the community and supportive services that may be funded by an initial federal mixed-income development grant are types of services that may also be supported by other funders. Each Choice grantee is required to get leverage and match commitments from providers and partners on the ground; those programs, services, and supports are intended to be sustained after the grant expiration date by other funders or systems. There is the potential for redundancy or inefficiency in the funding and financing of these efforts, and federal appropriators often argue that HUD funds should be narrowly tailored just to cover housing because non-housing expenses should be covered by non-housing systems.

While a critical resource, Choice Neighborhoods grants are not the only way planned mixed-income communities get built. With an aim toward creating healthy neighborhoods that enable all families to succeed, for example, Purpose Built Communities targets specific poor neighborhoods that could benefit from mixed-income revitalization. They have a “community quarterback” that serves to reorganize and redeploy assets that already exist on the ground, securing and steering resources toward the target neighborhood (e.g., a planned YMCA with early childhood services that can be built on site). Purpose Built places a heavy emphasis on improving the physical conditions of places, believing that a healthy neighborhood does not require more programs and services. Because it has specific criteria for engagement in neighborhoods, its model may not be as responsive to all distressed neighborhoods and individuals and households facing multiple barriers. However, it does provide another example of how planned mixed-income communities could be built and sustained with existing local resources, i.e., choosing places that are strategically ready and financially prepared to support the redevelopment.

With or without federal support, other mixed-income developers find ways to leverage public-private partnerships to resource their community and supportive services. Whether through philanthropic grants, volunteer commitments, or in-kind donations, developers may seed efforts through their own operating and management budgets and then arrange supplemental funding through other sources. Some affordable housing developers argue that programs and services within their communities in the US context—whether mixed-income or not—are and should be built on public-private partnerships, with program sustainability as a function of what partners will give over time; the more partners, the higher likelihood of sustainability. Under this frame, there are never enough resources for affordable housing programs, and that gap is by design. It then follows that interventions designed to address social determinants of health in mixed-income communities are not designed to be financially self-sustaining. However, research and experience show that, without sustainable resources upon which the necessary programs or supports for residents can rely, the social, community, and economic underpinnings of mixed-income communities will always be at risk; and, it is likely impossible to achieve the full vision of what these communities can be, even though they may be impactful in some areas.

**Funding Challenges in Mixed-Income Communities**

With a general understanding of how some planned mixed-income community development efforts fund the social determinants of
health aspects of their work, the challenges of sustaining this work after the conclusion of a catalyzing investment, such as a Choice Neighborhoods implementation grant, become clearer. Some of the challenges described below apply specifically to sustaining community and social services in the context of mixed-income housing projects, while others reflect broader challenges that affect the funding landscape within which mixed-income communities must attempt to sustain themselves.

**Challenges in Funding “People” Relative to “Place”**

One challenge of addressing the social determinants in pursuit of “people” outcomes (in contrast to securing investments in “place”) stems from the different time horizons. In general, it is much easier to see the results of built environment than social impact strategies. Constructing a multi-family housing complex can occur in a relatively short time frame (three to five years), whereas a workforce development strategy to help residents thrive often requires a “generational” timeline, perhaps ten or more years, for a sustainable impact.

Because of clearer measures and timelines, built environment strategies may be easier to “finance” through securing loans or investments where there is an expectation of repayment or some financial return. The “people” interventions (e.g., job training or workforce development) may be rooted in confronting generational poverty and addressing multiple barriers for residents. With longer result timelines, practitioners leading these “people” efforts resort to needing “funding,” usually philanthropic or government grants, that must often be sought, and sometimes competed for, annually or every few years.

Because mixed-income communities often seek to confront several social determinants at the same time, in the same place, for the same population (and where other social and economic dynamics are at play), the funding and finance challenges are compounded. A Choice Neighborhoods grant is timed based on a construction and occupancy schedule rather than a results orientation of what it will take to help families thrive.

**Challenges Posed by Split Costs and Benefits**

Another challenge that stands in the way of sustainably financing “people” interventions in mixed-income communities is that multiple systems or government agencies are engaged where the benefits and costs are split unevenly across those actors (e.g., the costs of a housing development are borne by the developer and the public housing agency, but the housing stability benefit may also land with the public health department). The possibility of splitting the costs and benefits of an intervention between agencies poses a significant challenge to investment in the social determinants of health. While these challenges may be common to collective impact efforts, the complexity and comprehensiveness in scope and scale of mixed-income communities makes these challenges loom even larger.

Measurement and evaluation systems that clearly account for the impact of interventions, costs, and benefits are critical inputs into a sustainable financing system. Without these systems, creating a sustainable financing system is virtually impossible. Across housing and health work, calculable cost savings are the primary driver of financing, and who keeps the savings (or reinvests it into the intervention to expand reach) is what must be negotiated.

**Challenges Posed by Prevailing Attitudes**

Mixed-income transformation models are complex to understand and suggest greater risks to be assumed, particularly given the social challenges imposed on original and new residents of these communities. The “risk” profile
of mixed-income transformation may be its main impediment to sustainable financing with participation, for instance, from health stakeholders. Within that sense of risk is a public perception that embracing mixed-income communities is supporting gentrification and displacement and promoting housing instability. For non-housing practitioners and systems to invest in these communities would require them to possess greater understanding of, and increased confidence in, how mixed-income communities can be designed with housing stability and affordable housing results at their core.

There is also the perception that housing and community development strategies writ large lack the ability to generate evidence and data that can be held to a scientific standard of cause and effect and clear attribution (X intervention leads to Y result). While these critiques are broadly applicable to the social sciences, they emerge in partnership conversations about housing and the social determinants of health and, specifically, where financing issues are at play. Furthermore, because mixed-income transformations are so complex, it is challenging to reach the necessary thresholds of rigor and precision that financing requires.

Notwithstanding those challenges, the rise and acceptance of social determinants and accountable communities of health frames presents an opportunity for complex systems like mixed-income community transformations that are represented by multiple stakeholders to be organized for impact with participation from health. Within these arrangements, the “health” dollar must be leveraged with other system or sector dollars to share risk. Mixed-income transactions for the physical development have always included mixed financing, with risks that are assigned differently across investors in the deal. Health stakeholders, however, must first see value in participating in these types of transactions and then decide to bring to the table private funds instead of or in addition to philanthropic grants.

**Challenges Posed by Policy Barriers**

The instruments for using healthcare resources, such as Medicaid, for housing and community development priorities are tough to manage with perceived and actual administrative and regulatory barriers at the federal, state, and local levels. The most hopeful signs of financing innovation appear to emerge out of housing policy arenas for two groups: the homeless and the elderly. In each of these areas, there is appreciation for the importance of attaining housing stability first but also the need for wraparound supports and services that enable the homeless and seniors to attain higher levels of results. Addressing chronic homelessness is where we see the most housing and health financing innovation, perhaps because of the common target population across the systems and the high potential for cost-savings. Mixed-income transformations are targeted to market-rate, low-income, and public housing families, so the health system will need to be educated on why to spend dollars from “health” budgets on a population seen as less vulnerable and less costly to their system than the homeless. The requirements by funders of these developments to keep their beneficiaries clearly identifiable (e.g., in one building occupied by homeless veterans versus scattered throughout a development) may run counter to the social cohesion and network objectives that a mixed-income community might have. Taking advantage of social mix should be at the core of what these neighborhoods provide as a difference from other projects, but funding eligibility barriers might compromise the ability to leverage mix.

Experts and policymakers steeped in a social determinants of health frame believe that financing social service provision with the “health” dollar (rather than housing production or construction) may be the likely role for health investors within mixed-income transformations. On the one hand, if services within mixed-income communities are eligible for funding from health systems or insurers, it is
better that they are funded by those systems and not housing/community development to minimize the risk of redundancy and duplication. On the other hand, health system leaders are hesitant to use scarce health dollars for housing/community development needs.

**Future Directions**

There are future possibilities for finding new revenue sources to sustain efforts to address the non-physical social determinants of health. These ideas emerge from kernels of existing efforts to navigate the funding challenge, and they often spring from practitioners themselves who see untapped opportunities in their work. These leaders may be hamstrung by regulations and obligations that do not provide flexibility to blend and braid across sources, but they know that existing funding arrangements are not sufficient to achieve the results they seek. These ideas are intended to spark creativity and imagination among partners who—while steeped in the status quo of scarcity and fiscal constraints in all types of affordable housing communities—believe that more is possible. In advancing them, we invite policymakers, funders, and practitioners to break out of traditional ways of working. Honing and testing these and other ideas would be a natural next step.

**Maximizing Mixed-Income Transactions**

One of the animating ideas from mixed-income community development—particularly from outside observers—is that the presence of market-rate tenants and investments should produce additional revenue upon which to capitalize. People perceive that there should be resources that could be redistributed to other priorities, and they often look first at the developer. Moreover, if that mixed-income developer is a for-profit organization, then hardwiring supports for services and programs aligned to the social determinants into the development deal itself seems particularly feasible. In informal conversations, several developers, whether nonprofit or for-profit, state that the margins of profit on mixed-income deals are quite slim and that there is little room to “throw off” resources that could support programs and services. That analysis seems to have been accepted by many as true.

However, it is unclear what the development deal can actually bear. There are many claims on the developer fee (e.g., staff and partners who must be paid), but without an objective view into the profit and loss statements of developers, it is difficult to know if and how the deal could be maximized differently. We also do not know whether there are savings in construction costs, operations budgets, procurements, or other large cost items that could yield resources from mixed-income transactions, as suggested by one expert’s reflection. This lack of knowledge presents an opportunity. Social investors in mixed-income deals (including foundations) could push the envelope of what should be borne by the deal itself.

Lastly, mixed-income development transactions do present the opportunity to see whether cross-subsidization from rental income can be maximized in such a way that the costs of programs and services can be redistributed, leaving little to no need for outside funding. Because mixed-income developments must be focused on sustaining the mix, minimizing churn, and fostering housing stability across income levels, rent levels must be calculated against what the market can bear and the value proposition the development presents. Charging a premium for a unit in a mixed-income community in order to generate additional revenues for programs and services can only work if the desirability of the community is sufficiently high. However, urban living is increasingly becoming a housing preference, and, if there is excess demand for diverse urban communities, pricing units to maximize cross-subsidization and self-sustainability could be an option. The field does not yet know the limits of these tools.
**Next Generation Public-Private Partnerships**

Mixed-income communities are built on public-private partnerships. As with most affordable housing development, the scarcity of public subsidies in mixed-income communities requires that developers find other partners. Those partners cover the gamut of activities and bring a host of resources to sustain the community, ranging from direct financial outlays, to volunteer commitments (e.g., volunteer tutors for students), to in-kind donations (e.g., conservation organizations donating and planting trees). Some mixed-income developers see public-private partnerships as the way to help address the financing innovation challenge. They believe that the developer can seed efforts with their own resources and leverage other commitments.

While public-private partnerships will always be part of the solution, they require capacity to create and sustain them. They also may not always deliver the desired impact, requiring lead organizations in mixed-income communities to recalibrate those partnerships to insure quality. Some leaders wholeheartedly believe that the answer to funding and finance challenges lies with partnerships, and they encourage thinking about the incentives that create the right conditions for action and the results that organize everyone’s efforts.

**Exploring Social Impact Bonds**

Performance-based contracting is not a new tool for financing services with public funds. In recent years, however, interest has grown in a variety of new pay-for-performance mechanisms—most notably social impact bonds—that have the potential to increase both public and private sector spending on social services. Social impact bonds usually involve the following stakeholders: an investor who is willing to front the money to carry out a social program; an entity that is willing to pay back—usually with the possibility of a financial return—the investor for the achievement of agreed upon outcomes; an organization responsible for delivering the social program; and an intermediary to help carry out the deal and certify the achievement of outcomes. Mixed-income development transactions usually have the requisite stakeholders involved for a social impact bond, although it may be unclear who might be the entity willing—usually a public sector entity—to pay back the investor for accomplishing the outcomes.

Social impact bonds are intended to overcome several of the key challenges communities face when trying to increase investment in social services, particularly those that are focused on prevention. One of those challenges is the fact that, with limited budgets, government agencies are often forced to choose between addressing pressing needs and putting resources into prevention programs. Even though funding evidence-based prevention programs could result in large cost-savings, with shrinking annually appropriated budgets in the face of growing needs, governments are often forced to focus resources on meeting the needs of the most vulnerable, and often most costly, clients. Social impact bonds have the potential to reduce the risk that governments incur, given that the repayment of investors will only take place if agreed upon outcomes have been achieved.

Social finance experts believe that mixed-income communities may be ripe for a social impact bond. Even though multiple strategies will be used to get families to housing stability and thriving results, the defined beneficiary class (i.e., public housing residents who return to the new revitalized community), evidence-based services they are offered, and active case management to monitor progress appear to present the appropriate rigor and discipline that social financing schemes require. Additionally, the fact that mixed-income communities include residents with lower incomes who may benefit from social services and live in close proximity to each other could help to mitigate some of the challenges faced in implementing social impact bonds, such as recruitment of participants.
and managing attrition. Housing stability alone is an outcome within reach for mixed-income communities, and many systems (e.g., health, education, workforce development) benefit from that result and thus could conceivably be part of government pay-back on the basis of results.

**Leveraging Insurers**

There is early evidence of health stakeholders engaging with mixed-income housing developers. One prominent example involves the insurer UnitedHealthcare (UHC). In Phoenix, UnitedHealthcare, a for-profit healthcare company, teamed up with Chicanos Por La Causa, a community development corporation and social service provider, to finance the purchase of two multi-family buildings. As many as 100 of the units were reserved for UnitedHealthcare clients, with the company prioritizing individuals who have a history of homelessness or high utilization of emergency departments. The balance of the apartment units are available for rent at market rates. UHC clients living in the set-aside units receive assistance from healthcare navigators, but all residents can access health services at the Maryvale Community Service Center, located a few miles from the apartment buildings. Additional services, such as delivery of packages of food from a food bank and employment navigation, are also available to residents. This effort was at project-scale, was targeted to homeless or other high-need individuals, and did not involve a broader, planned mixed-income community revitalization, but it does reveal how insurers are investing in mixed-income housing with supportive services.

In California, Dignity Health invested in the Arrowhead Grove Neighborhood Revitalization plan that will result in turning a distressed 252-unit public housing complex into a 38 acre, 400-unit mixed-income revitalization project. Through its Community Investment Program, Dignity Health gave a $1.2 million bridge loan to National CORE, a nonprofit mixed-income developer, in order to fill a funding gap in the project. While these funds do not come from the operating side of Dignity Health, they show that hospitals and insurers are engaging in housing and mixed-income communities. In addition, this effort prioritizes affordable housing production and not defraying the costs of community and supportive services; however, as in the UHC example above, service provision may follow if cost savings are accrued.

While serving as a promising example of what is possible when health and housing stakeholders work together, continuing to apply such lessons to the mixed-income community context will face additional challenges, especially if narrowly tailored government funds get used. For example, by their very nature, mixed-income communities will include residents with lower incomes who receive access to health services through Medicaid as well as residents with higher incomes who receive care covered through multiple private insurers. Such complexity can reduce the likelihood that a given stakeholder, such as an insurance company, would be willing to invest in preventative measures that potentially would yield savings for other parties, including competitors. On the other hand, insurers are accustomed to cross-subsidization and understand the need to serve the costly medically complicated patients as well as the healthy at the same time.

In addition, as in the UHC example, mixed-income community development must go beyond the actual project/building to include amenities and strategies in the neighborhood, a scale that would expand who is benefiting. This closed-system (i.e., the multi-family building itself) versus open-system (i.e., neighborhood scale) should be addressed for sustainable financing of mixed-income communities with non-housing dollars to be leveraged. It is the broader neighborhood scale that provides a larger platform for partners to invest, whether it is public health with a Federally Qualified
Health Center, a school system with an elementary school, or transportation for transit.

**Housing Acquisitions and Inclusionary Housing**

While planned mixed-income communities are the focus of this analysis, there are other pathways toward creating mixed-income housing. Housing mobility programs and inclusionary housing efforts are two such examples. In contrast to large scale public housing revitalization, these mixed-income housing strategies are smaller in scope and scale, often linked to singular multi-family projects (inclusionary housing) or helping individual families secure a housing unit (mobility programs). Each strategy puts a priority on quality housing units being available in high opportunity, amenity-rich neighborhoods for low-income families.

Building off the recent Moving to Opportunity research findings on the importance of place and the effectiveness of regional housing mobility strategies, the MTO Fund, a real estate investment social enterprise, seeks to do an end-around on the normal challenges faced in producing affordable housing units in high-opportunity neighborhoods. The Fund is aggregating and investing private market capital to acquire high-end, multi-family properties in high-opportunity neighborhoods in order to set aside a percentage of units for families with a Housing Choice Voucher. The buildings will be mixed-income. The low-income residents will have access to community building, supportive services, case management, and high-performing schools. Moreover, the model is financially self-sustaining because it is built as a social enterprise, where project expenses and return on investment payouts do not require ongoing fund raising to make the deals work. Albeit in its infancy, the MTO Fund model contemplates financial sustainability and may portend of public and private models that can support mixed-income communities.

**Promoting Taxing Schemes**

As a place-based strategy focused on creating equitable, inclusive, prosperous neighborhoods, mixed-income community development should lend itself to the taxing and financing schemes that are often used for place. Where there is a mixture of uses (residential and commercial), one could surmise that special improvement districts (SIDs) or business improvement districts (BIDs) could apply. These entities are given the ability to levy fees or taxes on organizations and businesses that lie within the district. Seemingly, every locality has a neighborhood where a SID or BID is operating, but that practice has not come to planned mixed-income communities. Perhaps it is the level of distress in the neighborhood or the lack of businesses that disqualify it. However, where significant anchor institutions or businesses are present that could bring political and financial heft, investigating the feasibility of SIDs or BIDs that could generate revenue to support key programs and services of the mixed-income community would be advisable.

Similarly, tax increment financing (TIF) often gets used to revitalize neighborhoods that are in severe disrepair or blight. Assuming that distressed public housing communities could be eligible, a mixed-income revitalization that could be supported by a TIF is worthy of consideration. State legislation may preclude these communities from participating, but TIFs do present an opportunity for place-based growth to be rewarded and for resources to be deployed to preserve affordability and increase economic opportunity.

**Conclusion**

At a time of increasing racial segregation, social isolation, and economic inequality, mixed-income communities provide a place-based strategy through which we can “lean in” to a vision of equity, inclusion, and opportunity for all. To fulfill the aspiration of mixed-income communities and, moreover, to solve for the “unfinished business” of economic mobility and social inclusion in them, sustainable re-
sources must emerge. To date, the examples of financing and funding innovations do not meet a standard of being sustainable, as most thrust mixed-income practitioners into a periodic cycle of raising resources to address the social, economic, and community challenges that these communities present. Confronting generational poverty in place does not align with a short term funding cycle. Simply put, mixed-income communities cannot reach their potential if they do not have the resources required for the ambitious goals that are set.

Yet, there are new financing tools and strategies that are emerging that mixed-income communities can leverage. Policymakers are understanding the importance of blending and braiding funds across silos and the barrier removal that will allow that to happen. Practitioners are embracing that cross-sector capacity is necessary to solve complex, comprehensive challenges of place. Funders are using grant-making and social investment vehicles to maximize the usefulness of limited grant dollars and subsidies in order to unlock private capital. Researchers are unfolding the lessons and knowledge from decades of place-based investments to help us identify what works and under what conditions. With that hopeful backdrop, the question is whether we will prioritize honing and resourcing the solutions related to the “unfinished business” of mixed-income communities commensurate with the level of the challenge we are confronting.

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