

THINK ABOUT IT...

MIXED-INCOME HOUSING

WHAT IS MIXED-INCOME HOUSING?

Generally speaking, **MIXED-INCOME HOUSING** refers to housing developments (apartment complexes, neighborhoods, communities, etc.) that provide housing options affordable to residents whose incomes fall across the spectrum. For the purposes of housing assistance eligibility, the U.S. Department of Housing and Urban Development (HUD) defines four broad categories of income, calculated as a percentage of Area Median Family Income (AMI). The table to the left presents these income categories and limits as defined by HUD for 2007, and depicts the number and percent of families falling into each category according to 2006 American Community Survey estimates. The chart further illustrates the balance of families in the area, with the number of low income families almost approaching the number of moderate and middle income families combined. Mixed-income housing seeks to build communities with a broad representation of these incomes.

Income Level	Income Limits, Number of DFW Families
Low Income (<50% AMI)	\$0 - \$31,100 386,000 Families 27% of Families
Moderate Income (50-80% AMI)	\$31,101 - \$49,760 201,000 Families 14% of Families
Middle Income (80-120% AMI)	\$49,761 - \$74,640 272,000 Families 19% of Families
Upper Income (>120% AMI)	\$74,641 and Up 588,000 Families 41% of Families

HOW MIGHT COMMUNITIES BENEFIT FROM MIXED-INCOME HOUSING?

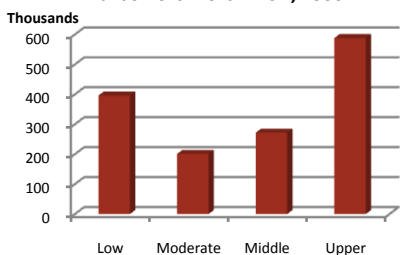
Housing policy scholars have long lamented the deleterious effects of housing markets that tend to create income stratification in communities. Indeed, one of the major criticisms of public housing strategies targeting only low and extremely low income residents is that they create concentrations of severe poverty. Areas of concentrated poverty tend to have older, lower quality housing stock, and any new stock built in these areas is often of lesser quality than that built elsewhere. As concentrated poverty increases, communities begin to see out-migration of businesses, elevated levels of crime, and a public disinvestment in community wellbeing; in effect, these severely distressed communities may be "left behind." Through the development of income-diverse neighborhoods, communities are attempting to increase the quality of housing available to all residents while reversing the trend of disinvestment, making each neighborhood a neighborhood of choice and improving the quality of life for all.

HOW IS MIXED-INCOME HOUSING CREATED?

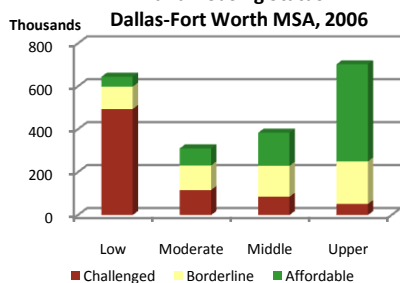
In the broadest sense, new housing units can be grouped in two types: market rate and below market. **MARKET RATE** housing includes units that will sell or rent at prevailing price, influenced by the usual factors (location, quality, size, etc.). **BELOW MARKET** housing includes units whose lease or purchase price will be adjusted to below the market rate for buyers who meet income eligibility guidelines. Below market units are generally used to provide affordable housing options for households in the low and moderate income categories. As the chart to the left shows, these low and moderate income households are more likely to be **HOUSING CHALLENGED** (spending 30% or more of their income on housing expenses). Mixed-income developments seek to offer an array of housing choices that include below market and market rate units, thereby achieving a blend of incomes.

Predominant market and policy forces do not lend themselves to the creation of mixed-income communities, so policy and program tools are often used to spur development. The array of tools available permits a variety of income mixes, which are generally attempted in one of two ways: those that seek to include below market units in market rate developments and those that seek to include market rate units in below market developments. Among the tools used to achieve the former are zoning mandates (e.g., inclusionary zoning policies) and developer incentives (e.g., density bonuses and tax credits). Perhaps the clearest example of programs designed to achieve the latter is HUD's Hope VI program, which grants monies to local housing authorities to demolish aging public housing infrastructure and develop mixed-income communities in their place.

Families by Estimated Income Level
Dallas-Fort Worth MSA, 2006



Households by Estimated Income and Housing Status
Dallas-Fort Worth MSA, 2006



For a more detailed review of mixed-income housing, see:
Smith, Alastair. (2002). *Mixed-Income Housing Developments: Promise and Reality*. Cambridge, MA: Harvard Joint Center on Housing Studies.