Strengthening Housing Investments for Community Revitalization

Research for Massachusetts Policy and Practice

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Preface

Keenly sensitive to maximizing the impacts of limited public resources, in August 2014, DHCD identified a need for information on revitalization-focused projects in high poverty neighborhoods developed using federal Low Income Housing Tax Credits (LIHTC). This information could further conversations within and beyond DHCD about using the Qualified Allocation Plan (QAP) to guide state investments in high poverty neighborhoods for the purpose of revitalization, while meeting fair housing obligations. HUD's Affirmatively Furthering Fair Housing rule supports revitalization investments that lead to a narrowing of disparities in access to opportunity. Meanwhile, this information would help local groups and officials – key partners in this work – undertaking neighborhood revitalization.

After establishing the research team and CHAPA as the project’s home, DHCD established a diverse advisory panel (see below) that was actively involved in defining study objectives and guiding the research design over a roughly two-month period, as well as providing input throughout. Resources for the project were provided by The Boston Foundation, DHCD, and CHAPA. Leveraging these funds for greatest learning included work with graduate student interns, hands-on research support by Prof. Keren Horn, and considerable in-kind contribution by the project director.

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* Partial term
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Chapter I.

Introduction
A large and growing body of evidence – from research and experience – demonstrates the costs of living in distressed communities, for both children and adults (Chetty, Hendren, & Katz 2015; Ellen and Turner 1997; Leventhal, Dupéré, & Brooks-Gunn 2009; and Fauth & Brooks-Gunn 2008).

Housing policy is increasingly focusing on (1) ways to revitalize high poverty communities and (2) strategies to expand opportunities in lower poverty communities often richer in the resources needed for individual and family well-being.

Limited housing resources demand careful use and targeting of public investments – particularly given historic concentrations of the federally-assisted housing stock in high poverty neighborhoods.

In the case of neighborhood revitalization projects, the field lacks hard-and-fast guidelines about how and where State actors should make investments, and with what parallel supports to best meet local needs and strengths. Meanwhile, housing advocates and practitioners are hungry for promising practices for housing-based community revitalization, despite considerable growth in their capacity and experience in recent decades.

Meaningful community change across a number of neighborhood dimensions takes upwards of 10-15 years and rigorously measuring the distinct role of housing investments (beyond other investments and activities) is hard and expensive.
The Massachusetts Department of Housing and Community Development (DHCD) assesses housing needs and articulates state housing and community development investment priorities through its Consolidated Plan. It uses multiple tools, including the Qualified Allocation Plan (QAP), to encourage development proposals advancing these priorities with ever limited resources.

While the federal low income housing tax credit (LIHTC) is the largest single funding source for new affordable housing development, its successful use requires both access to additional public funds (see below) and an ability to attract investors. DHCD’s selection process for 9% credits prioritizes shovel-ready projects with strong development and management teams - minimizing the risk of missed federal deadlines and lost credits or low credit prices.

The types of projects DHCD can select from depends on developer proposals. Local governments vary in the extent to which they encourage affordable housing to revitalize a neighborhood.

LIHTC projects may seek funds from multiple sources to fill their funding gap, including finite DHCD-controlled resources (state LIHTC, bond funds, rental assistance, HOME) and non-DHCD resources (state and federal historic tax credits, local HOME and CDBG, local project-based vouchers, etc.). These other resources are constrained, have varying eligible uses and some come with high transaction costs – all of which influence the types of projects funded. Since DHCD also uses its resources to fund priority projects that are not good LIHTC candidates, projects that use local or less constrained resources, such as historic or 4% credits, have an advantage in the selection process.
The broad purpose of this study is to better inform revitalization-focused investments in affordable housing production in Massachusetts.

### Goals/Uses of Study Findings

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<th>Study Objectives</th>
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<td>Ensure <strong>DHCD activities are best able to promote community revitalization</strong> outcomes of affordable housing investments, while meeting existing obligations (e.g. fair housing)</td>
<td>#1 – Understand community revitalization outcomes of housing investments, identified in the field (Ch. II – Literature Review)</td>
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<td><strong>Enable Massachusetts affordable housing developers</strong> (in partnership with local communities) to promote community revitalization outcomes through development of affordable housing</td>
<td>#2 – Understand DHCD community revitalization objectives, processes, outputs of housing investments (Ch. III – Policy Analysis)</td>
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<td><strong>Increase understanding of Massachusetts policy makers of</strong> the real estate benefits of continued/increased investment of public resources in affordable housing in distressed neighborhoods</td>
<td>#3 – Understand experiences and outcomes of community revitalization-focused housing projects here in Massachusetts (Ch. IV – Comparative Case Study)</td>
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Community well-being and change are the result of a host of factors, interacting, over time, in complex ways – an understanding that guides our study (see Study Framework).

- An affordable housing project can directly remove blight, and increase the number of affordable units in a neighborhood – both inherently valuable.
- However, the ability of projects to contribute to positive changes ("spillover") in the surrounding community – beyond the front door of a new property - is influenced by facets of the project itself and its alignment with broader community revitalization efforts.
  - Conditions in the ‘receiving’ neighborhood and proximate neighborhoods also shape the timing and nature of area-level economic spillovers.
  - The neighborhood’s social context matters, as well as economic and political dimensions, locally and in the region.
  - The policies and practices of state actors (often administering federal programs) also shape outcomes on the ground.
  - Additional steps and milestones along the way, beyond the project. This can include stemming negative consequences for existing residents and businesses, an improved neighborhood perception, and securing other public- and private investments in the community for, as examples, transportation, public services, and commercial, social, and cultural amenities.
Study Framework for Revitalization-Focused Housing Development

Inputs

State Level
- Awards
- Interagency coordination,
- Other TA/Supports

Housing Project Level
- Team
- Pre-existing conditions
- Financing

Housing Project Level
- Pre-construction
- Construction/ Rehabilitation
- Sustainability plans

Revitalization Initiative Level
- Organization & civic capacity
- Vision & political will,
- Scale of investment (time, $)

Activities

Early Community-Level Outcomes
- Housing market
- Neighborhood physical condition
- Population

Indirect & Contingent Housing Project Outcomes
- Neighborhood perception
- Non-project-specific activities or investments
- Adverse Effects

Revitalization Initiative Level
- Planning
- Community capacity building
- Comprehensive strategies and integration among them

Alignments

Later Community-Level Outcomes
- Housing market
- Education levels & quality
- Amenities
- Poverty rate
- Safety
- Job accessibility
- Transit access
- Employment & earnings

Dillman & Verrilli
A mixed-method study providing a wealth of information about revitalization practices and outcomes of affordable housing development, helping address important knowledge gaps in Massachusetts practice.

- A systematic review of academic and grey research literature on the neighborhood spillovers from LIHTC developments.
- A policy analysis of DHCD community revitalization objectives and practices for its housing production investments, drawing on document analysis and interviews with DHCD housing development staff.
- A case study of three recent revitalization-focused LIHTC projects:
  - Purposefully chosen to reflect facets relevant to revitalization activities and outcomes. Sampling based on analysis of LIHTC awards maintained by CHAPA.
  - Interviews with project leads, an electronic survey of project features and practices, assembly and analysis of neighborhood data both before and after project completion, document analysis and a web/media scan.
  - Findings can inform priorities and recommendations going forward; however, this is not an evaluation of DHCD nor community revitalization impacts of study projects.
    - Evaluation methods are designed to answer questions of causality – that is, these research designs seek to explain outcomes (changes observed after intervention) and particularly whether program actions are responsible, and to what extent (‘impacts’).
The **organization of the report** builds our understanding, moving from the broad field level, narrowing to our state policies and practices, and finally ‘on the ground’ practices of developers and communities here in Massachusetts.
References


Chapter II.
What does research tell us about the neighborhood impacts of subsidized housing in distressed neighborhoods?

Dillman & Verrilli
We evaluated the evidence on LIHTC neighborhood impacts by neighborhood context, considering property values, demographic characteristics, crime, and school quality. Evidence on how impacts vary with changes to siting and project features were also considered, given the considerable discretion in project designs and features afforded by the LIHTC program.

Identified and systematically appraised a wealth of quality research (N=32 studies) conducted in just the last few years, which consistently enlist sophisticated statistical analyses and, often, large datasets best able to estimate the true impacts of subsidized housing.


Projects eliminating blight can be particularly powerful as well as larger projects (up to a point), with impacts from both new construction and rehabilitation projects. However, the importance of profit status of project sponsors is nuanced, and questions remain about the importance of project designs and quality, and ongoing property management.
Economic and social science theory offer reasons why LIHTC projects could positively impact high poverty neighborhoods.

- **Property values** reflect the market’s willingness to pay for housing, based on the housing unit and neighborhood quality-of-life it provides. Property values could improve when construction removes boarded-up buildings or vacant lots and replaces them with a property of higher quality than surrounding units, directly improving the surrounding community. LIHTC developments could encourage additional public or private real estate investment or promote commercial investments to meet growing resident demand – leading to more indirect neighborhood improvements.

- **Neighborhood safety.** Through removing blight and vacant lots ripe for criminal activity, LIHTC developments may directly stem crime by signaling to potential criminals that the area is inappropriate for crime and adding more ‘eyes on the street.’ The stability of neighborhood residents may also increase due to housing subsidies, indirectly decreasing crime through the greater social organization of the neighborhood such stability affords. These new developments may also attract a greater police presence either on their own or through a concerted and problem-oriented policing strategy perhaps tied to the LIHTC development, itself.
Economic and social science theory offer reasons why LIHTC projects could positively impact high poverty neighborhoods, cont’d.

▼ Improvements in the quality of local institutions, particularly schools.
  ▼ If a greater share of low income children in a school have stable housing, this could reduce school turnover in the long run. This greater stability could improve the individual child’s ability to learn and allow teachers to accomplish more in the classroom.

▼ Additionally, if LIHTC developments are attracting higher income families into the neighborhood (or themselves house a more economically diverse group of families) - and attend neighborhood schools - this could lead to increased economic diversity within the classroom, again making it easier for a teacher to effectively communicate material.

▼ Finally, greater incomes among public school parents could translate into greater relative influence when advocating for more resources for their local school.

▼ Increased income diversity in the neighborhood. To the extent that LIHTC projects produce units for moderate-income residents, they could directly attract higher-income residents from outside the neighborhood. Albeit less directly, LIHTC projects could also be expected to increase the incomes of existing residents through subsequent increases in neighborhood economic vitality - made possible, in part, by private investments catalyzed by the LIHTC project, itself.

‘Neighborhood or contagion effects’ represent another possible indirect route to income changes. This theory suggests that new higher income residents serve as good role models for area neighbors or they are able to provide access to resources or networks that help neighbors find employment or advance economically.
Recent Evidence of LIHTC Spillovers in High-poverty Neighborhoods

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<th>Least Evidence</th>
<th>Most Evidence</th>
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<tr>
<td>Property Values</td>
<td>Crime*</td>
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<td>School Quality</td>
<td>Income Diversity</td>
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This figure summarizes the evidence we have across different neighborhood types from the 15 high-quality LIHTC studies. The shading reflects the AMOUNT of evidence with darker shading representing more evidence. * A negative impact on neighborhood crime reflects an improvement in neighborhood safety.
LIHTC spillover research in the past 15 years offers hope to those high-poverty communities enlisting subsidized housing as part of neighborhood revitalization.

**Improved property values** - Six of eight high quality studies find modest positive property value impacts associated with projects located in high poverty neighborhoods, that are sustained or grow over time (Ellen et al. 2007; Baum-Snow & Marion 2009; Ellen, O'Regan & Voicu 2009; Deng 2011; Diamond & McQuade 2015, Freedman &McGavock 2015, Woo, Joh & Van Zand, 2015). For example, Diamond & McQuade find that housing values within 0.1 miles of a tax credit development increase by 6.5 percent after the development is placed in service.

**Increased neighborhood safety** - The three studies that examine crime impacts of LIHTC developments in distressed neighborhoods all find that these developments are associated with declines in crime (Freedman &Owens 2011; Diamond & McQuade 2015; Woo & Joh 2015); with one examination of county-level changes, suggesting that these reductions are not the result of displacing crime to other areas within the county.

**School quality** - Very little examination of how LIHTC developments shape local school quality. One study in Texas finds no evidence that LIHTC developments have a sustained impact on the quality of local schools in high poverty neighborhoods (Di & Murdoch 2013).

**Income diversity** – Mixed evidence as to whether higher income households are more likely in high poverty neighborhoods after LIHTC development. One particularly sophisticated study finds homebuyers purchasing properties near newly completed LIHTC developments have slightly higher incomes than those living there previously (Diamond & McQuade 2015). However, three earlier studies find no impact, and some evidence of overall declines in median household income at the census tract level (Freeman 2003; Baum-Snow & Marion 2009; Freedman & McGavock 2015).
There are a number of features of subsidized projects for which rich and consistent evidence supports solid conclusions.

- **Removing blight can have considerable effects** (Santiago, Galster, & Tatian 2001; Schwartz et al. 2006; Ellen et al. 2007). Replacing dilapidated housing and vacant land in NYC with city- and federally-assisted projects afforded property value improvements up to 12 percentage points (Schwartz et al. 2006; Ellen et al. 2007).

- **Bigger is better** (Ellen & Voicu 2006; Schwartz, Ellen, Voicu, & Schill 2006; Ellen et al. 2007; Lee 2008; Ellen, O’Regan, & Voicu 2009; Deng 2011). That is, where effects are positive, larger projects result in bigger property value impacts.
  
  - But, the ‘bang’ from each additional unit in a project diminishes with size (Schwartz, et al. 2006; Ellen et al. 2007; Ellen, O’Regan, & Voicu 2009; Deng 2011).

- **Projects can also be ‘too big.’** While, nationwide, LIHTC projects average 77 units (and often smaller here in Massachusetts), evidence from New York City provides some sense of a project ‘too big’ for positive spillovers. According to Ellen et al. (2007), positive property value impacts from the ‘average-sized’ LIHTC project in New York City (276 units) become risks when reaching more than 770 units.

- ‘**Overconcentrating**’ subsidized units in a neighborhood is associated with expected property value gains disappearing or becoming declines (Santiago, Galster, & Tatian 2001, Lee 2008, Koschinsky 2009).

- **New Construction AND Rehab** - Two recent studies examine both types of development and find property value impacts to be largely the same (Ellen & Voicu 2006), but one suggests such comparability is limited to projects that are at least 50 units in size (Deng 2011). Unfortunately, research has less to offer about which mode is better.
Researchers have identified a handful of other features of subsidized projects that may matter to neighborhood impacts, but lack the same body of evidence.

- **Both nonprofit and for-profit developers** – Studies find nonprofit and for-profit sectors produce projects with positive property value impacts (Ellen & Voicu 2006; Deng 2011). However, organizational capacity, rather than sector, may shape differences in impact sizes (Ellen & Voicu 2006; Deng 2011). The distinctly lasting impacts of nonprofit projects suggests organizational mission may also be a discrete, critical dimension (Ellen & Voicu 2006).

- **Quality of Designs and Materials.** Subsidized housing that is a lesser quality than the surrounding neighborhood is unlikely to be valued by the community or signal the neighborhood is upgrading. While supported by early studies that explicitly examine quality (for example, Cummings & Landis 1993 and Lyons & Loveridge 1993), not examined in recent analyses. In Massachusetts, production developments must comply with rigorous design standards.

- **Ongoing Property Management** affects how a project is perceived by nearby residents and property owners – be itagnostically, as a nuisance or an asset. Tenant screening and monitoring efforts, and ongoing communication with nearby residents and property owners are also important. Researchers have enlisted qualitative methods focusing on the role of management (Santiago, Galster, & Tatian 2001; Koschinsky 2009; Albright, Derickson & Massey 2013) and consistently support its importance.

- **Housing Type (Population)** may matter (Ellen et al. 2007; Koschinsky 2009; Funderburg & MacDonald 2010). Ellen et al. (2007) find contrasting property value impacts between elderly projects and those serving families. Elderly public housing projects have higher initial positive effects and new family public housing projects have an early negative effect. Recent LIHTC studies are limited by the absence of data on actual tenants.
This review of recent research provides a ‘shared understanding’ and supports enlisting subsidized housing production as part of revitalization efforts in high-poverty neighborhoods.

At the same time, the available research limits our ability to speak to the question of impacts on a larger set of meaningful neighborhood dimensions and at larger scales. Given methodological advances and momentum in this area of inquiry, further knowledge is expected.

This literature is immediately relevant to Massachusetts as the body of research examines outcomes for projects all over the country, representing many kinds of housing markets and project types.

Moving ‘closer to home,’ the next two chapters describe DHCD goals and processes related to their revitalization-focused housing investments and the experiences and outcomes of three sponsors seeking neighborhood improvements, beyond quality housing, in recent projects.
References


Chapter III.
Policy Analysis of DHCD
Revitalization Goals & Processes for its Housing Investments
To provide actionable recommendations, we enlist policy analysis for a clear understanding of revitalization goals and investment practices: using document analysis (particularly QAPs) and interviews with current and former DHCD housing development staff. We look at practices at the time of study projects (Ch. IV) in mid-2000s and recent changes (2015-2016).

This is not an assessment of DHCD or the QAP in terms of consistency with/advancement of fair housing principles. A critical question, but beyond the scope of this analysis.

DHCD housing development staff embrace the agency mission of ‘promoting stronger neighborhoods and stronger communities,’ despite the agency’s lack of an articulated community revitalization goal and a detailed definition of a revitalization-focused project.

DHCD enlists the QAP as a tool to advance community revitalization to a relatively limited degree. A greater degree of support for ‘strong projects,’ for example, can be seen in the QAP and staff processes for promoting and supporting projects during the awards cycle.

Data constraints preclude an understanding of the number and portion of revitalization-focused applications and awards resulting from these tools and processes, and progress towards agency goals.
DHCD awards most of the funds it controls, including 9% credits, through a "one stop" rental housing competition held once or twice a year. It works with four quasi-public housing agencies to evaluate and underwrite applications for 4% credits using tax-exempt financing (MassHousing, MassDevelopment) and for funding through individual state housing bond programs (CEDAC and MHP). State historic rehabilitation tax credits are awarded separately by the Secretary of State.

DHCD’s project selection criteria include those required in federal statute. Of relevance here, the federal statute requires that states give “preference” to projects that are located in qualified census tracts subject to a community revitalization plan. However, it leaves to the states the question of what constitutes such a plan. The federal statute also does not require that states give that “preference” any particular weight among the ten required federal priorities, three required federal preferences and any other priorities or preferences a state may choose to add.
Assessing Massachusetts QAP for guiding state investments in high poverty neighborhoods for the purpose of revitalization – Looking through multiple lenses

III. Policy Analysis of DHCD Revitalization Priority

Lens #1 - Relative to DHCD’s revitalization goals.
- **No revitalization definition, numeric goals, nor systematic tracking of awards** with which to compare the QAP components.

Lens #2 - Relative to a standard of ‘activism’ for using the QAP to promote revitalization. Walker & Gustafson (2002) associate the presence of a QAP component (e.g. threshold, set aside, competitive point) attending to a particular priority as an indicator of activism towards that priority.
- Using this logic **DHCD has a low level of activism in its QAP towards community revitalization:**
  - Few and weaker QAP components focus on revitalization (points rather than threshold or set-aside), and relatively few points for revitalization (a maximum of 6 out of 82 special points).
  - The QAP fails to fully signal to applicants how and to what extent revitalization focus influences selection (e.g. how projects are ranked/selected by score) nor whether category scores are summed.
  - The QAP does not target revitalization-focused projects exclusively to distressed areas.
  - The presence of a concerted community revitalization plan in a QCT neighborhood is not a binding constraint. Eligibility for revitalization points contingent upon one of four possible criteria (including presence in a QCT) and submission of a formal plan is not required, nor assessed as part of due diligence.
Lens #3 - Relative to federal requirements and programs

- IRS LIHTC regulations require states give “preference” to projects in QCTs subject to a community revitalization plan, but **no specific guidance on what constitutes such a plan**.

- HUD’s Choice Neighborhoods program represents a federal model of intentionally supporting comprehensive neighborhood revitalization in distressed neighborhoods: For example, NOFA (1) selects projects based on very specific goals and objectives; (2) favors neighborhoods with high need, (3) applicants must plan or already have begun significant educational and other non-housing initiatives.

Lens #4 - Relative to other state housing finance agencies

- While limited, a small number of states have QAPs further explicating revitalization (see Ellen at al. 2015, Appendix C) and **which appear more ambitious and expansive than the vision asserted by DHCD**.

- Pennsylvania 2016 QAP (see more examples in Ch. V)
  - A numeric goal for “community revitalization/mixed income” projects.
  - Revitalization projects “support a broader community revitalization program which has the capability of changing fundamentally the character of a neighborhood, enhancing the lives and amenities available to residents of the community, are focus[ing] on implementing a ‘mixed income’ strategy, and/or which seeks to counteract the pattern through which some metropolitan areas are being segregated by income or race.”
  - Separately assess and score plan quality, local funding commitments, walkability, and transit access.
Conversations with DHCD staff suggest relative stability over time in agency revitalization goals and tools for advancing them. Today’s revitalization goals, tools & processes, as articulated in the QAP, differ little from those of 2004-2006.

One of the 4 thresholds in the recent 2015 QAP provides a definition of a revitalization-focused project:

“Investment in distressed and at-risk neighborhoods where strategic housing investment has a strong likelihood of catalyzing private investment, improving housing quality, and promoting occupancy at a range of household incomes. Projects in this category include projects located in the state’s 26 Gateway Cities* and/or Qualified Census Tracts.” (2015, p.4; draft 2016, p.3).

However, the text does not describe the qualities a project must possess to meet this threshold. It doesn’t define distressed/at-risk (beyond presence in a QCT or Gateway City) nor refer to revitalization plans or other characteristics for which revitalization points are awarded.

The 2015-2016 QAPs add language related to community planning (see Inclusion in a Comprehensive Neighborhood Revitalization Effort – 6 points maximum (2016 Draft QAP,(pp. 37-38)), but still lack minimum plan requirements, submission of plans is not required as part of the application, and more comprehensive plans are only afforded one extra point relative to less comprehensive plans.

* “Gateway Cities” are defined by state legislation as municipalities with a population of 35,000-250,000, a median household income below the state average and a rate of educational attainment (bachelor’s degree or above) below the state average. Poverty rate is not part of the definition. The State has a variety of programs to promote economic development and housing in these municipalities. http://www.mass.gov/hed/community/planning/gateway-cities-and-program-information.html
Using the Massachusetts QAP in high poverty neighborhoods for revitalization –

Good foundations on which to build

DHCD housing development staff **embrace the agency mission of ‘promoting stronger neighborhoods and stronger communities.’**

DHCD housing development staff express **a shared vision** of DHCD’s role in community revitalization and the larger processes of neighborhood change:

- Staff describe public investments in affordable housing as generating **property level improvements**, primarily, and indirectly **contributing** to larger neighborhood revitalization: “We’re sort of like a snowplow coming through”...“mak[ing] these communities more attractive for general investment.”

- This vision of a housing-driven approach to revitalization (described in Chapter IV) is consistent with some developers on the ground.

- Staff attention to site conditions such as blight and abandoned buildings is consistent with evidence on the role of blight removal for subsidized housings’ impact on surrounding neighborhoods (as discussed in Ch. II).

DHCD staff **processes enable open engagement with sponsors during project conceptual stages** (as described by DHCD staff and project leads for our study cases), reinforcing the great degree of familiarity within this professional community.

DHCD staff describe **collaboration** as a feature of DHCDs affordable housing investments. Staff recognizes that their resources are for housing, and limited in scale, while there are other dimensions of revitalization for which they lack resources and authority. Therefore, collaboration with quasi-public housing agencies, municipal planning agencies, and with the Gateway Cities Initiative extends their ‘reach’.
References


Chapter IV.
Massachusetts
Revitalization
‘On the Ground’
A comparative case study of three recent, publicly-funded, multi-family, affordable housing projects with community revitalization goals, here in Massachusetts.

Massachusetts developers of diverse stripes are enlisting housing for neighborhood improvement in distressed neighborhoods within both Gateway Cities and Boston, while producing valuable housing for residents and amidst the profound headwind of the economic downturn.

Ranging from the relatively narrow housing-driven approach to more comprehensive planning approaches combining brick and mortar solutions with a range of social investments.

Market conditions surrounding a project and the nature of the existing revitalization effort appear to interact with developer embeddedness in the community, capacity, and focus on community building beyond housing production and management to shape the revitalization approach.

Change takes time...even under ideal conditions Given the short time since project completion and study projects’ small scales relative to surrounding neighborhoods, community level changes are not anticipated in the host neighborhoods. However, all of the neighborhoods surrounding study projects experienced additional neighborhood improvements or real estate development in the early years after project completion. All project leads feel that their projects at least partially spurred these investments – embracing a logic of ‘clearing the way’ for other investment heard from DHCD staff (Ch. III).
Starting Context – Site and Neighborhood

The Cordovan at Haverhill Station sits at the former home of the 7-story landmark Haverhill Board of Trade Building in downtown. Built between 1906 and 1908 as a place to house small firms connected to the shoe-manufacturing industry, the building had become partially vacant with problematic properties nearby including a bar and an abandoned gas station. While its historic quality and prominence among nearby buildings were valued, it was also seen as unattractive and a drag on the downtown.

While Haverhill’s downtown was becoming increasingly vibrant by the mid-2000’s, a 2007 market analysis had concluded that the immediate “area lacked an established base of market rate residential units and a critical mass of synergistic retail, cultural, and other attractions.” In fact, as the Cordovan project was conceived, it had been 15-20 years since the last residential development in downtown Haverhill had been completed.

The larger area (census tract) where the Cordovan sits (about a third of a square mile in size) had a mix of assets and challenges as the project was conceived and developed (See App. Tables 4-1 to 4-5). This relatively dense urban area was home to roughly 3,500 residents over the period 2005-2009, the majority of whom were non-Hispanic white. About two-thirds of neighborhood residents were Latino. Roughly 30% of residents were in poverty over the 2005-2009 period, and the median income for the neighborhood was below HUD’s income standard of very low income for a 4-person family at the time. The approximately two-thousand housing units (nearly a third of which were subsidized) were in old, multi-unit properties, the majority of which were renter occupied. The considerable residential vacancy rate, low volume of home sales and sales prices all pointed to weak investment in the housing market. Not surprisingly, crime data and a survey of residents in the Lower Acre neighborhood (which is a part of the Cordovan study area) suggest elevated crime rates at the time and safety as a point of concern for residents.

Balancing these challenges, the Haverhill commuter rail stop into Boston is walking distance to the Cordovan and there was a “strong urban fabric” of buildings with “good bones.” Meanwhile, the Mayor at the time was “very intent” on making “Haverhill’s downtown a more vibrant, attractive place for people to come to.”

Developer Team & Revitalization Vision

As described by Beacon, “being in the right place at the right time!” (learning the building was for sale) was the impetus for their participation - rather than a prior connection to Haverhill or the downtown neighborhood. Nevertheless, what emerged was a shared notion of the role of Cordovan’s historic rehabilitation in the downtown revitalization effort. Beacon saw the project as market building: “it was more about attracting people to a new product” and getting a building “back on line.” At the same time, they embraced the City’s revitalization priorities and saw their role in it. “Helping the downtown succeed” would require residential development so that there are “people there all the time and hopefully people who had resources to spend in the city.” Meanwhile, completing the rehabilitation would “clean up and make the area nicer and more attractive.” Beacon also recognized that “being the first one in” after such a spell of residential disinvestment could render the Cordovan a “catalyst.”

Beacon Communities, a national for-profit housing organization, brought considerable experience and capacity to the development effort. At the time of the project they had decades of experience in developing, holding and managing subsidized and market-rate housing, primarily rental. All of which was helpful in their formal and hands-on assessment and mitigation of the risks associated with the project, as Beacon described it. “When you’re the first, it’s always a little nail biting because you think that there’s a market and then you really need to prove it and see if people will move there.”

Interested in the success of the property and the immediately adjacent area, Beacon was able to purchase a property immediately adjacent to the Cordovan building and develop it into 100% market rate housing at about the same time, and ultimately bought and closed a bar on the adjacent corner that “was really a problem.” Beacon also “acquire[d] a number of other properties for parking [...] and then [...] worked out a shared parking agreement with the City on a parcel that they own.” One-hundred percent market rate housing was deemed too risky under the market conditions (while still of interest for the City). Instead, Beacon concluded that a well-designed, well-managed mixed income community would work. The City was interested in including commercial uses in the property but because the property was located a few blocks off the main commercial corridor Beacon did not consider retail use viable. Rather, Beacon designed the property to include a number of market rate live/work units which would generate activity and energy.

State Revitalization Inputs & Project Financing

This $38.8 million project had support from a number of public sources including federal and state LIHTCs, federal and state historic tax credits, city and regional HOME funds, as well
as resources from MassHousing and the Affordable Housing Trust Fund. Interestingly, DHCD housing development staff describe little DHCD “investment in that particular area” in the roughly five years prior to the Cordovan and note that they were not approached to invest during that time. “When Cordovan came along, that was the first major project that DHCD had done in that area.” As in the other cases studied, neither Beacon nor DHCD staff could remember whether the project received revitalization points in the QAP scoring process, though DHCD thought it likely and Beacon says it sought all points for which the project qualified.

Development and residential services staff at Beacon were regularly involved in project development. Beacon had experience in comprehensive neighborhood revitalization efforts and met with local business associations, bankers, and the Art District neighborhood group as part of project planning for Cordovan. “There wasn’t much of a residential neighborhood there,” to engage. At the same time Haverhill’s Planning Director and the Mayor were very active in Cordovan’s development including creating a downtown planning group focused on parking. According to the Mayor, quoted in a press release for the project, “the city worked hard with Beacon to overcome barriers and move this project to fruition.”

**Direct Real Estate Outputs**

The resulting property retained many of the building’s historic features, meeting National Park Service historic rehabilitation standards, while paying careful ‘attention to [...] systems and [...] materials that balance initial costs with long term operations.’ It replaced all of the windows, made façade improvements, re-paved parking areas and provided new landscaping. In addition to preserving the building’s historic character, Beacon describes the project as providing a new product (downtown market rate housing).

Focusing primarily on younger tenants for this downtown location, the unit size mix provided a smaller share of units appropriate for families (43 two-bedroom units; 21 affordable), as compared to singles or couples (85 one-bedroom; 40 affordable and 18 lofts). The building includes a small fitness room and a club room. Safety features include secure entryways and extra lighting, as well as a ‘courtesy officer’ on weekend nights. Other than community events and celebrations, there are no services provided for project or neighborhood residents because, according to Beacon, “it’s not a family housing development.”

**Indirect Housing Project Outcomes**

Beacon perceives current residents of The Cordovan as having an income mix that is comparable to that in the surrounding neighborhood. They report that most of the tenants in the 61 affordable units have rent subsidies: 8 units are reserved for extremely low income households through project-based vouchers and about 40 households have housing choice vouchers though the latter number varies. None of the residents in the market rate units have vouchers. Perhaps consistent with the ‘market building’ notion for the project, staff report that upwards of a quarter of current residents moved from beyond Haverhill.

DHCD housing development staff and Beacon both feel that the Cordovan spurred additional neighborhood real estate development. Both point to nearby mixed-income housing developed by Forest City an out-of-state developer (Hamel Mills, 305 units, 80% market rate), and POUA (the Hayes Building, with 24 of its 58 units targeted to households at 80% of median or above). Beyond Beacon’s demonstration that “this can be done and it can be successful,” DHCD housing development staff credit the City for contributing to subsequent investment also. Put simply, Cordovan was “the engine, the igniter of redevelopment in downtown Haverhill,” according to Beacon. A technical assistance panel report in 2011, further suggests wider influence: “Property owners and businesses have made significant progress rehabilitating, renovating, and repurposing historic structures and facades on Washington Street” (within the Cordovan study area).
A study of revitalization-focused affordable housing projects funded, in part, by LIHTC, and completed between 1/1/07 and 12/31/09. Other eligibility criteria include housing production, rental, location in ‘distressed and at-risk’ neighborhoods at the time of application, and family-focused (> 50% units are 2+ bedrooms).

Choosing among the 14 eligible projects, we sought a group varying along a set of relevant dimensions in order to maximize learning from three cases: (1) Profit status of the developer, (2) the extent of other public investment in the years prior to and following the focal project, and (3) location in Gateway and non-Gateway cities.

The characteristics of the eligible projects are revealing of the field of sponsors active in affordable housing development in Massachusetts at that time:

- Of the 14 eligible projects, more than two-thirds are nonprofit sponsored. Among the few for-profit sponsored eligible projects an even smaller portion were applying independently – a larger portion were projects being completed in partnership with a nonprofit or a public housing authority.

- There are fewer for-profit developers in this space doing family-focused projects and there are very few small, for-profit developers (according to one developer with whom we spoke).

The eligibility criterion of family-focused developments had to be relaxed in order to identify a for-profit project that met other eligibility criteria and sampling dimensions.
**Cordovan at Haverhill Station**

A 146-unit, mixed-income, historic rehabilitation of a former mill building in downtown Haverhill – a Gateway City - completed by the for-profit, national, multi-purpose housing organization, Beacon Communities, in 2008. (See case summaries throughout this chapter)

**Dudley Village (North & South)**

New, 50-unit, 100% affordable, family properties including commercial space, located on opposite sides of Dudley Street (Boston) and close to the Uphams Corner commercial district and commuter rail station. Completed by the multi-purpose community development organization, Dorchester Bay Economic Development Corporation (DBEDC) in 2008.

**St. Joseph’s Apartments**

A 15-unit, 100% affordable, adaptive reuse project of a vacant, historic school building, in the Upper Merrimack Street neighborhood abutting downtown Lowell – a Gateway City - completed by the multi-purpose community development organization, Coalition for a Better Acre (CBA), in 2008.
We leverage interviews, neighborhood data, and a media scan to achieve a balanced understanding of the local context within which study sponsors were operating (see local voices below); however, important to realize our quantitative data has more measures of challenges.
### Similarities among study projects

**Distressed Neighborhoods** – The neighborhoods surrounding our study projects were facing considerable challenges, across multiple dimensions, in the period leading up to and including project completion (2005-2009). And they were consistently more burdened than their surrounding cities. See Appendix Tables 4-1 to 4-5.

**Neighborhood Assets** – All projects are located in neighborhoods with recognized assets at the time. For example, all three were proximate to transportation and both of the Gateway City projects were in neighborhoods with a strong physical fabric of buildings with good bones.

**Blighted properties** – The site conditions at all projects included vacant (either partially or entirely) properties, with some degree of blight onsite or nearby.

### Differences among study projects

**City Location** – By study design, projects located within Gateway Cities and outside are included.

**Construction Type** – Rehabilitation /adaptive-reuse and New construction.

**Project Size and Focus** – A full-spectrum of sizes: 15-, 50-, and 146-unit properties. From as few as 32% family-sized units to a majority of family-sized (88%).

**Building uses** – Purely residential and Mixed-use.

**Sponsors** – By design, projects completed by both for-profit and not-for-profit are included. Sponsors also differ in their embeddedness or pre-existing connection to the host neighborhood, as well as the scope of organizational foci beyond housing production and management. The study sponsors also range from relatively small, but quite mature, to larger, national organizations also quite seasoned.
### Starting Neighborhood Context (~2005-2009) for Study Cases, Summary

<table>
<thead>
<tr>
<th>Lesser Challenges</th>
<th>More</th>
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<tr>
<td><strong>Neighborhood</strong></td>
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<td><strong>Dimension</strong></td>
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<td>Distress</td>
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<td>Housing Market</td>
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<td>Economic Vitality</td>
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This figure summarizes multiple neighborhood indicators presented in table form in the Appendix. Distress (population trends, including poverty rate, neighborhood income level, unemployment rate, and residential vacancy rate); Housing Market (housing market characteristics and the sales market); Economic Vitality (small business lending and retail presence). Darker shading represents either multiple indicators of distress or at more severe levels – note, however, that these distinctions are quite modest.

**Neighborhood:** For the Cordovan and St. Joseph’s projects, the study neighborhood is defined as the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, and the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.
Housing-driven community change approach

- Primarily focused on physical improvements towards market building alone, with relatively less attention on existing residents except for ensuring they benefit from positive changes.
- Likely connecting to concurrent efforts in the neighborhood as market building seen as insufficient for meaningful change. However, explicit plan not assumed nor necessarily central to project activities.
- Broad stakeholder engagement is valued but less attention to how or why.
- Recognized potential of housing as a platform for family well-being, but little explicit prioritization of on-site services for residents or neighbors.

Comprehensive Planning Approach

- Considerable attention to people and neighborhood, along with housing focus.
- Broad and meaningful community engagement; community building principles.
- Explicitly and strategically part of a concerted plan, likely including multiple dimensions of the neighborhood (e.g. housing, safety, education, health), as well as attention to multiple levels (individuals, families, organizations, neighborhood, systems).
- Targeted and high quality programs implemented in various sectors (not the hoped for by-product of other efforts).
- Services for families in the target development and neighborhood particularly related to health, safety, employment, and education.

Research and practice literatures distinguish two approaches to community revitalization - both of which are seen in our study projects.

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Diverse voices on revitalization goals and approach from project leads at study sites.....
Housing-driven Community Change Approach – Cordovan at Haverhill Station

Vision and Goals – Building a housing market to further city-lead downtown revitalization effort; serving primarily as a catalyst for other private investment.

Design and Planning – External stakeholders engaged in planning including municipal agents, local businesses, arts district neighborhood group. No community engagement as there were few residents in the immediate vicinity.

On-site services – Beyond a gym and a club room, no services provided.

Safety – Recognized primarily as features of design and ongoing management, secure doorways and extra lighting along with a “courtesy officer” for late nights on weekends.

Comprehensive Planning Approach – Dudley Village & St. Joseph’s

Vision and Goals – Born of sponsor organizations, both part of decade(s) long neighborhood revitalization efforts focusing on multiple neighborhood dimensions; Dudley was seen as a means to the larger mission of community building.

Design and Planning – Planning included broad stakeholder involvement, including community residents, drawing on established organizational structures (e.g. the real estate committee) and processes.

On-site services – Rich service environments for adults and youth.

Safety - While both Dudley Village and St. Joseph’s have basic safety features in their designs’, Dudley’s management includes an explicit anti-crime program.
Looking across cases suggests market conditions and the existing community revitalization effort interact with sponsor characteristics to shape revitalization approach.

Housing-driven Community Change Approach – Cordovan at Haverhill Station

**Market and site conditions** – Many years since residential housing development; absence established market, large property needing major rehab in the Downtown.

**Sponsor Characteristics** – National, for-profit developer with the capacity and experience to complete larger project and partially mitigate and assume risks of ‘first arriver.’

**Existing revitalization effort** – A relatively young and primarily economic development effort.

**Sponsor Characteristics** – ‘Outsider’ organization.

Comprehensive Planning Approach – Dudley Village & St. Joseph’s

**Market and site conditions** – Smaller properties ‘completing’ a corridor with an established residential market.

**Sponsor Characteristics** – Modest-sized, embedded organizations with established roles and relationships within their communities, as well as development experience.

**Existing revitalization effort** – Years-long revitalization efforts (begun in 70s and 80s) focusing on multiple dimensions of neighborhood quality of life and both residents and physical development.

**Sponsor Characteristics** – Multi-purpose housing development organizations with scopes including community building, organizing, and social services.
Starting Context – Site and Neighborhood

The Dudley Village complex is a two building, mixed-use housing development with commercial and community spaces located in Boston’s Dudley neighborhood (part of Dorchester). The development required the Dorchester Bay Economic Development Corporation (DBEDC) to assemble multiple parcels, one of which was occupied by a former nightclub. While once a cultural hotspot for Roxbury’s Cape Verdean community, in later years the club had become a crime magnet until it was purchased by DBEDC and closed. The other sites had previously been developed but at the time of purchase were vacant and contaminated, requiring brownfield cleanup.

The study area was home to approximately 8,000 residents, the majority of whom were Black. The population was holding steady, though the overall population of Boston was increasing at the time.

Dudley Village is located in a high-density residential neighborhood that had historically suffered from significant physical and social damage. Decades of disinvestment had led to blight, vacancies, crime, drugs, etc. “It was a very common sight to see buildings burning and being demolished.” There had been some positive momentum resulting from development undertaken by various CDCs. Dudley Village itself was built near other recent affordable housing developments and other amenities such as a commuter rail station, but even when certain elements seemed to be improving, others seemed to be worsening.

The poverty rate in the study area was 29% over the 2005-2009 period, compared to a Boston-wide poverty rate of 19% of that same period. Vacancies and unemployment were also higher than the city-wide averages. The median household income for the tract was below HUD’s standard for a very low income, 4-person household at the time.

The study area included approximately 2,500 housing units, the majority of which were in buildings with more than two units while single-family homes comprised around 20% of the housing stock. Of all housing units in the study area, 36% were owner-occupied and the median year of construction was 1946. Vacancies were on the rise during the study period, and loan volumes and amounts were both declining (Boston as a whole also experienced declining loan amounts and volumes). In general, borrowers reflected the overall racial composition of the neighborhood (which was 97% minority), though white homebuyers significantly outpaced their presence in the neighborhood (3% of population, 18% of borrowers).

Developer Team & Revitalization Vision

DBEDC is a non-profit “board-driven” community development corporation, where the board is made up of neighborhood residents. Formed in 1979 “by local civic associations to address the problems of economic disinvestment, unemployment, crime, community tensions and the shortage of quality affordable housing,”1 DBEDC had developed 992 units of housing as of the end of 2008. DBEDC is a multi-purpose developer that focuses on the following: housing development, property management, commercial development, advocacy, organizing, engagement, community planning, community revitalization, and social services. At the time planning for Dudley Village began, DBEDC had extensive experience in subsidized housing development and comprehensive neighborhood revitalization experience.

Numerous stakeholders were regularly involved in the project development, including program development and resident service staff, local residents, local business owners and employees, community organizers, municipal and elected officials, city and state agencies, and other developers. Dudley Village was described by project leads as “Part of an enormous planning and organizing effort both by DBEDC and DSNI [Dudley Street Neighborhood Initiative]” and the development is now under the purview of DSNI via their Dudley Neighbors Inc. land trust. DSNI was also part of the visioning process along with the Boston Redevelopment Authority and the Boston Department of Neighborhood Development.

DBEDC follows what the project leads describe as a long-term strategic community development model: “The real estate development is a means to an end, a way to become engaged with people’s lives and then you add on so much more with the computer classes and youth activities, micro-lending, job assistance... It all starts with community development, through the organizing. Then each thing leads to more. Each projects leads to bigger and more projects because you’ve built your social basis and strengthened your model of doing it this way.”

DBEDC’s vision for the project involved improving this portion of the Dudley Street corridor (“one of the three major corridors through the DB service area”) by removing blight, alleviating crime, increasing neighborhood vitality and connectivity, and integrating the larger neighborhood. DBEDC

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1 [http://www.dbedc.org/about.html](http://www.dbedc.org/about.html)
desired to develop occupied buildings and ground floor uses in order to increase the sense of safety and comfort in the neighborhood.

**State Revitalization Inputs & Project Financing**

The Massachusetts Department of Housing and Community Development was crucial in the financing and development of Dudley Village. The project lead described their contribution as “enormously important,” stating that, “they dug very deep into their pockets to make it happen.” DHCD was also helpful in their ability to be flexible and help DBEDC meet the necessary funding requirements in order to get the project built. Projects leads are unsure if Dudley Village received revitalization points from the Qualified Action Plan processes, but they believe that it is likely as they made a deliberate effort to get every point possible.

Dudley Village’s $15M cost was funded in part by LIHTC and State sources but other funding used for development came from the City of Boston, the Federal government, and DBEDC’s own capital. Overall there were 22 different funders for Dudley Village, which led to a complicated process of applying for funding over multiple cycles and “trying to harmonize all of their conflicting requirements and meet all of their reporting requirements.” Additional financial complications included: providing ground floor retail space that wouldn’t “pay for themselves” (the market was not strong enough to fully support retail but DBEDC felt its inclusion was important to provide an active streetscape and maintain the privacy and safety of tenants who would not want to live on the ground floor), attracting enough Section 8 voucher holders to make the project’s net operating income financially feasible, and structuring the entire development on a ground lease from DNI. The project lead expressed the belief that these projects would be easier to finance if project caps for individual sources were eliminated but each source funded fewer developments. This way, developers could save time and money by not having to reconcile so many sources. He also notes that CDBG funding was “pretty well gone” by the time they were seeking funding for Dudley Village.

**Direct Real Estate Outputs**

Dudley Village replaced vacant parcels and a crime hotspot with 50 units of affordable housing, ranging in size from one-bedroom to four-bedroom units. Of the total units, 31 are restricted to low-income households (<60% AMI), two are restricted to very low-income households (<50% AMI), and 17 are restricted to extremely low-income households (<30% AMI). Section 8 vouchers support roughly 20 of the total units. Six units are reserved for formerly homeless households. The income mix of Dudley Village residents is about the same as the surrounding neighborhood.

The development includes 6,000 ft² of retail space, a 4,000 ft² space dedicated to a social service agency, a community room/computer lab, and an outdoor green courtyard and play space. The buildings are designed specifically to blend into the existing neighborhood context, in terms of both compatible design and social and public safety elements. The quality is described as being higher than the surrounding buildings, but also as enhancing the surrounding buildings. Residents of Dudley Village benefit from high efficiency boilers, good insulation/windows, durable finishes, and photovoltaic panels.

Dudley Village offers a high number of services for residents, and has programs geared towards adults, families, and youth. These services include (but are not limited to): community events, application assistance, financial supports, information regarding the housing processes, transportation assistance, physical and mental health care, family care, legal services, financial literacy, employment and education services, and childcare. Non-residents also have access to many of these services. The development also partners with other organizations, service providers, and law enforcement to enhance quality of life for residents and the neighborhood as a whole.

**Indirect Housing Project Outcomes**

Project leads associate the development of Dudley Village, at least partially, with the development of the Kroc Center (a large community center nearby). Many news accounts describe additional development close to the Upham’s Corner area and the commuter rail station in the first few years after project completion.

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These summaries are based on an on-line survey of and interview with Beacon staff familiar with the project as well as information from a web- and media scan. Analyses of neighborhood demographic, housing market, and economic data (from the Census, FFIEC, HMDA data, and Economic Census) were also conducted.
The early years after project completion - Expectations

**Little community-level changes anticipated at this point**

**Change takes time...even under ideal conditions** – Research and practice suggest that meaningful neighborhood change across multiple dimensions takes upwards of two decades, but the most current data is only about five years after project completion. As this period includes the Great Recession, our best hope would be for communities to hold steady against these headwinds, let alone improve.

**Change takes a big bang** – Neighborhood level change is not expected to result from one-off projects such as are the examined here.² Similarly, in a study of the large HOPE VI project impacts on surrounding communities, the authors define a project that represents at least 20% of the surrounding stock as the standard for anticipating any population level changes³ – a standard none of our projects even approach.

**But indirect outcomes – beyond the projects themselves – do seem likely**

**Mechanisms** - The blight removal made possible by project development here is expected to have a positive impact on the neighborhood’s physical condition. Projects also signal to the market the viability of investment (see more discussion of these mechanisms in the literature review in Ch. II and by DHCD staff in Ch. III), not to mention their alignment (to varying degrees) with larger revitalization efforts.

**On the ground** - Interviews with project leads at study cases and news accounts suggest the neighborhoods have experienced some degree of additional improvement or real estate development (either public or private) in the first years after project completion, which they felt was spurred, at least in part, by the focal project.

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The early years after project completion – Early housing market and economic vitality outcomes\(^4\) are mixed in study neighborhoods

Using surrounding areas as a lens of comparison – The economic downturn over the study period makes it hard to meaningfully assess changes in study neighborhoods before and after project completion. Therefore we use changes relative to those in their surrounding cities (and Counties) as a way to disentangle.

These are outcomes not impacts – These measures speak to the actual changes over time (outcomes), but are silent on the extent to which the study projects, independently, contributed to those changes (impacts).

The limits of American Community Survey Data for such small areas - Note considerable care when examining changes over time, particularly at these small geographies (census tracts).

Using Housing Market Disclosure Act (HMDA) Data to measure markets – While rich and publicly available measures of housing markets, HMDA data sources may underestimate the level of market activity, since they may not capture the level of activity in the more informal market that exists in areas where realtors are less active and many transactions take place with seller or other financing. They are also less appropriate where there are fewer single-family homes – such as in our study neighborhoods.

\(^4\) See Appendix Tables 4-6 to 4-8 for the most recent conditions in the surrounding neighborhoods, in terms of distress.
Early neighborhood realities heard from project leads.....
Dudley Village and St. Joseph’s have a mix of positive and negative early housing outcomes, using their cities as a point of comparison; Cordovan early outcomes are consistently negative.

**Neighborhood:** For Cordovan and St. Joseph’s project’s, the study neighborhood includes the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, while the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

**City:** Cordovan is in Haverhill, Dudley Village is in Boston, St. Joseph’s Apartments is in Lowell.

**Home Sales** - The volume of conventional loans that are originated for financing the purchase of 1-4 unit homes in the neighborhood. Author calculations of Home Mortgage Disclosure Data (HMDA) and ACS 5-year estimates. Because of limitations of ACS data for small areas, it is not appropriate to compare standardized loan volumes and amounts before and after project completion. To provide a rough sense of changing market demand over this period, we compare the volume of loans without standardizing by the size of the housing market. We believe that the stock changed relatively little over time, so find this assumption a pretty good one.
Where Dudley Village and St. Joseph’s each have a mix of positive and negative housing outcomes, using their city as a point of comparison, Cordovan outcomes are consistently negative.

### Neighborhood: For Cordovan and St. Joseph’s project’s, the study neighborhood includes the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, while the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

### City: Cordovan is in Haverhill, Dudley Village is in Boston, St. Joseph’s Apartments is in Lowell.

### Home Purchase Loan Size: The median first-lien originated home purchase loan amount for 1-4 family owner-occupied properties per 1,000 housing units in buildings with 1-4 units. Amounts normalized to 2015 dollars. Author calculations of HMDA, U.S. Census, and ACS 5-year estimates. These are population weighted averages of tract-specific medians. The relationship between home sales prices and loan amounts depends on the percentage of the down payment, which is likely to be higher in wealthier areas.

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### Early Housing Market Outcomes, Study Neighborhoods and Surrounding Cities: Loan Amounts

(Two-year average, Median Loan Amounts)

<table>
<thead>
<tr>
<th>Study Neighborhoods</th>
<th>2007-2008</th>
<th>2012-2013</th>
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<tbody>
<tr>
<td>Dudley</td>
<td>$281 (+5%)</td>
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<tr>
<td>U.S. Cordovan</td>
<td>$192</td>
<td></td>
</tr>
<tr>
<td>St. Joseph</td>
<td>$148 (-15%)</td>
<td>$138 (-26%)</td>
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<table>
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<tr>
<th>Surrounding Cities</th>
<th>2007-2008</th>
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<tbody>
<tr>
<td>Boston</td>
<td>$356 (+8%)</td>
<td></td>
</tr>
<tr>
<td>Haverhill</td>
<td>$214 (-11%)</td>
<td>$192</td>
</tr>
<tr>
<td>U.S. Lowell</td>
<td>$188 (-11%)</td>
<td></td>
</tr>
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</table>

### Notes:

- **Neighborhood**: For Cordovan and St. Joseph’s project’s, the study neighborhood includes the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, while the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

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St. Joseph’s has the best economic vitality outcomes relative to its surrounding County, where Dudley Villages’ are mixed and slightly positive and Cordovan’s are mixed and slightly negative.

**Study Neighborhoods**

St. Joseph  
Dudley  
Cordovan

-61%  
-32%  
-12%

2006-2008  
2011-2013

$14,196  
$15,429

Surrounding Counties

Suffolk  
Middlesex  
Essex

-27%  
-36%  
-40%

2006-08  
2011-13

$24,568  
$7,374  
$4,080

**Small Business Lending**

- Loans to small businesses (gross revenues < $1M) via the Community Reinvestment Act (CRA), per square mile of commercial land use area, in thousands. Amounts normalized to 2015 dollars. Author calculations of CRA data from Federal Financial Institutions Examination Council and the Metropolitan Area Planning Council’s (MAPC) Massachusetts Land Parcel Database.
St. Joseph’s has consistently positive economic vitality outcomes relative to its surrounding County, where Dudley Villages’ are mixed and slightly positive and Cordovan’s are mixed and slightly negative.

Neighborhood: Small business lending- For Cordovan and St. Joseph’s projects, the study neighborhood includes the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, while the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts. Retail Establishments are reported for the Zip Code Tabulation Area where each focal tract is located. Counties: Cordovan is in Essex County, Dudley Village is in Suffolk County, St. Joseph’s is in Middlesex County.

Retail Establishments: Number of retail trade establishments (NAICS codes 44-45), per 1,000 population in the Zip Code Tabulation Area. Author calculations of County Business Patterns and Zip Code Business Patterns and population data from the U.S. Census.
Starting Context – Site and Neighborhood

The St. Joseph’s Apartments site was originally the beautiful, historic St. Joseph’s Grammar School building, valued for “contribut[ing] significantly to the fabric of the neighborhood.” However, it had become a vacant “eyesore” since its closure in 1993.

St. Joseph’s is located in a densely populated, residential area at the “top end of the Moody Street corridor,” in the Upper Merrimack Street neighborhood. The study area (a census tract that is larger than the immediate project area) is about one-quarter of a square mile with about 5,000 residents. Located half a mile from downtown Lowell, the project is between downtown and UMass Lowell’s East Campus, across the river.

The immediate neighborhood had been “pretty derelict” for decades with some important physical improvements in the early 2000’s. In 2005-6, as the project was being planned, the neighborhood still had “many boarded up buildings, trash, glass in the streets, and graffiti on surrounding buildings” and a number of vacant lots and parking lots. A number of social conditions presented challenges as well [see App. Tables 4-1 to 4-5]. More than 40% of the residents were poor over the period from 2005-2009, and the median household income for the tract was below HUD’s standard for an extremely low income, 4-person household at the time. “Crime was definitely an issue” in the neighborhood: “people avoided it” and it “felt dangerous.”

However, there were also community assets at the time, with the St. Joseph’s School property central among them – such as a nearby, municipal playground (though “that was in terrible condition,”) mom and pop businesses and proximity to UMass Lowell and downtown, and the city’s minor league baseball stadium.

The study neighborhood included more than 1,700 housing units (including almost 1,300 subsidized units), the majority of which were in older, multi-unit properties. There was a “very distressed real estate market both in the neighborhood and throughout Lowell.” The area had been affected by “a lot of disinvestment by private property owners” and less than 10% of units were owner occupied. Home sales volumes and prices suggest very weak demand. Project leads also describe a degree of absenteeism among landlords, and foreclosures were rising.

The study neighborhood was racially diverse: a little more than half of the residents were non-Hispanic White, and there were also considerable portions of Latino and Asian residents. Long a point of arrival for immigrant communities, the larger Acre neighborhood was welcoming significant Latino neighbors and was “one the largest Cambodian settlements in the United States’ at the time.

While the area “lacked a municipal plan,” CBA had been leading a decade-long ‘comprehensive redevelopment’ effort “in partnership with private and public funders.”

Developer Team & Revitalization Vision

CBA is a nonprofit, multi-purpose community development organization – active in housing development and management, community organizing and planning (as of the end of 2008, they had developed 617 units of housing). It was formed in 1982 by local residents, small business owners, and church leaders in response to a city plan to raze the Acre’s Triangle neighborhood. At the time of St. Joseph’s Apartment’s development, CBA had considerable experience with developing subsidized projects and with comprehensive neighborhood revitalization efforts.

Project leads describe a broad set of stakeholders involved in considering how to redevelop the property, per their ‘standard approach’ and their standing Real Estate Committee structure: “There was a lot of support for the project - everyone wanted to see the blight removed and there were many involved in the process who had attended St. Joseph’s in their youth and liked the idea of it being preserved.” After considering many possible uses, they concluded that affordable housing was the only economically feasible use. Local municipal and elected official support was described as critical, and was secured relatively later in the pre-development period.

CBA had a multi-phase vision for completing improvement of the “Moody Street Corridor”, first improving North Canal Apartments, then restoring St. Joseph’s, the boarded up buildings across the street and finally the derelict former St. Joseph’s High School one block away. Their strategy “targeted the worst properties,” enlisting physical improvements to ‘enhance [and protect] existing public and private investments in the neighborhood’ and “incentiviz[ing] private property owners to invest as well.”

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1 This may be an artifact of the relatively small portion of tract residents for whom poverty is calculated, given the presence of UMass Lowell dorms.
State Revitalization Inputs & Project Financing

State support was critical to the redevelopment of St. Joseph and project leads reported receiving “tremendous” support. State actors were available for “preliminary discussion(s) of the [project] concept” and CEDAC provided pre-development financing. The project leads did not know if the project received revitalization points in DHCD’s LIHTC award process, but the project received 9% LIHTC credits the first time it applied (Fall 2006), along with State and Federal historic tax credits. Moreover, project leads view later State investments as further support for the revitalization effort.

As with most affordable housing projects, project financing for the $4.7M costs drew on many sources. In addition, while finding tax credit investors for small projects is harder, CBA was able to draw upon the buyer of North Canal Apartments tax credits to purchase the credits for St. Joseph’s as well. Project leads also note that state support had become even more important as federal budget cuts had reduced the amount of HOME and CDBG funds available at the municipal level.

Direct Real Estate Outputs

The St. Joseph’s Apartments project transformed a vacant school into a 15-unit residential building with 4 one-bedroom, 10 two-bedroom, and 1 three-bedroom units. Common areas include a community room, common laundry facilities, and common trash & recycling infrastructure (CBA’s community center is located next door). The units’ historic attributes including “stunning high ceilings, brilliant natural light from original window openings and gleaming refurbished wood floors” are reported as surpassing the quality in nearby properties. Infrastructure improvements included considerable façade improvements consistent with the building’s history, installation of landscaping where none had existed previously, and a new parking area.

The apartments serve families including households with disabilities. About half of the family-sized units (2+ BR) were restricted to households with low incomes (<60% AMI) and the remainder for families with very low incomes (≤50% AMI). Project leads suggest that about two-thirds of the units are supported with rental subsidies (both project- and tenant based), and that the majority of current tenants moved from within the neighborhood and have incomes that are comparable to their neighbors.

CBA has been able to offer a significant level of services to the residents of St. Joseph’s and nearby North Canal Apartments, in part because North Canal’s budget includes service funding. Project leads see these services (particularly education and job training) as enabling residents to improve their economic status and reduce poverty in the neighborhood. Adult services include those helping tenants to apply and move into the property and the neighborhood, as well as help with benefits receipt, health, family and parenting skills, financial literacy and legal services, employment and education. There are also child and youth-focused services. Maloney Properties’ on-site resident services coordinator provides a combination of on-site provision and referrals.

The property itself includes secure entryways and extra lighting on the grounds to promote safety for residents.

Indirect Housing Project Outcomes

According to project leads, investment in the neighborhood was “significant” after project completion via a “positive economic ripple effect.” CBA worked to ensure the reconstruction of a nearby playground, while the completion of the University Avenue Bridge connected the neighborhood with UMass Lowell. Private developers acquired two formerly vacant properties and rehabilitated them (~2010) for use, now, as student housing by UMass Lowell (UML). The closed and vacant St. Joseph’s Hospital was purchased by UMass Lowell (~early 2011), demolished and replaced with a new University Crossing administration building. “It really changed the neighborhood connection with UMass Lowell.”

Project leads believe that CBA’s investments to eliminate blight combined with providing service-enriched housing and preserving historic neighborhood assets raised the confidence of and stimulated the subsequent investments by private developers and UML. The neighborhood no longer suffers from vacant and boarded up properties and has gained a strong UML presence.

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These summaries are based on on-line survey of and interview with CBA staff familiar with the project, information from a web- and media scan. Analyses of neighborhood demographic, housing market, and economic data (from the Census, FFIEC, HMDA data, and Economic Census) were also conducted.
Looking across cases suggests some facets of revitalization-focused projects that may be associated with positive early housing market and economic vitality outcomes – either independently or when combined.

**Developer Characteristics**
- **Embeddedness** – DBEDC and CBA drew on long-standing relationships and structures within their host communities as part of development.
- **Organizational foci** – DBEDC and CBA include community building and social services within their focus, in addition to housing development and management.
- **Profit status and capacity** – Beacon perhaps uniquely able to assume and mitigate the risks of market building in downtown Haverhill.

**Project Characteristics**
- **Revitalization approach** – DBEDC and CBA enlist a comprehensive planning approach where Beacon’s best reflects a housing-driven approach.

**Surrounding Neighborhood**
- **Larger revitalization effort** – DBEDC and CBA were working within mature and multifaceted community revitalization efforts while Beacon was working within a younger, municipal-led downtown revitalization effort.
- **Housing Market** – There were established housing markets surrounding the Dudley Village and St. Joseph’s projects, while largely non-existent surrounding Cordovan.
- **Additional investments and real estate developments** – A potentially important contributor to neighborhood changes, along with focal projects.
- **Municipality** - The ‘good bones’ of a Gateway City’s urban fabric can support positive outcomes from revitalization-focused projects. At the same time, the tailwinds of a burgeoning market like Boston’s can provide a positive push for projects in its distressed neighborhoods (and reason for careful attention to affordability pressures going forward).
A diverse group of developers are enlisting LIHTC in distressed neighborhoods for larger neighborhood improvements, and doing so with projects of varying sizes and in both Gateway Cities and in Boston.

They do so with contrasting revitalization approaches – either more housing-driven or a more comprehensive planning approach, with the approach potentially right-sized to surrounding market conditions, existing neighborhood revitalization efforts, and developer characteristics.

But we have to take care when translating these conclusions from our study cases to the entirety of revitalization-focused projects here in Massachusetts.

Data constraints preclude information on the characteristics of all of the projects and sponsors enlisting publicly supported housing for neighborhood improvements – hard to know whether these are ‘special’ or well-represent the group, as a whole.

These are only LIHTC projects, but other public funding programs also support affordable housing production.

These were completed in a particularly challenging period – Which may have uniquely shaped approaches and nature of outcomes.

Additional analysis of housing market and economic vitality, as well as distress and demographic indicators, at a later point in time will only further our understanding based on these early measures.
Appendix IV
### App. Table 4-1. Starting Neighborhood Context (2005-2009), by study project: *Distress*

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Total Population</th>
<th>Individual Poverty Rate</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cordovan at Haverhill Station</td>
<td>3,549 (541)</td>
<td>7.6</td>
<td>30.8 (13.6)</td>
</tr>
<tr>
<td>Dudley Village</td>
<td>7,904 (725)</td>
<td>6.8</td>
<td>29.0 (8.2)</td>
</tr>
<tr>
<td>St. Joseph’s Apartments</td>
<td>4,724 (542)</td>
<td>-7.1</td>
<td>43.7 (11.1)</td>
</tr>
</tbody>
</table>

**Neighborhood**: For the Cordovan and St. Joseph’s projects, the study neighborhood is defined as the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, and the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

**Poverty Rate (All Persons)** - The number of persons with incomes below the federal poverty threshold as a percentage of total population for whom poverty status is determined. Trend calculated as the percent change. Author calculations of 2005-2009 ACS 5-year estimates, 1990 and 2000 U.S. Census.

**Unemployment Rate**: The portion of the civilian labor force that is unemployed but actively seeking employment and willing to work. Trend calculated as the percent change. Author calculations of 2005-2009 ACS 5-Year estimates, 1990 and 2000 U.S. Census.

### App. Table 4-2. Starting Neighborhood Context (2005-2009), by study project: Demographics

<table>
<thead>
<tr>
<th>Racial/Ethnic Composition (%, MOE)</th>
<th>Cordovan at Haverhill Station</th>
<th>Dudley Village</th>
<th>St. Joseph’s Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hispanic White</td>
<td>50.7 (12.3)</td>
<td>2.7 (2.4)</td>
<td>54.9 (11.1)</td>
</tr>
<tr>
<td>Non-Hispanic Black</td>
<td>2.5 (1.9)</td>
<td>49.8 (9.0)</td>
<td>3.3 (1.9)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>39.4 (14.9)</td>
<td>22.4 (5.7)</td>
<td>19.7 (5.3)</td>
</tr>
<tr>
<td>Non-Hispanic Asian</td>
<td>2.1 (2.4)</td>
<td>1.7 (1.7)</td>
<td>20.9 (8.8)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Median Household Income (2015 $)</th>
<th>Cordovan at Haverhill Station</th>
<th>Dudley Village</th>
<th>St. Joseph’s Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Households</td>
<td>30,285 (7,492)</td>
<td>38,480 (6,236)</td>
<td>27,237 (10,162)</td>
</tr>
<tr>
<td>Owner Households</td>
<td>83,359 (11,972)</td>
<td>68,334 (19,690)</td>
<td>89,078 (50,027)</td>
</tr>
<tr>
<td>Renter Households</td>
<td>20,819 (4,792)</td>
<td>30,518 (10,201)</td>
<td>19,971 (10,841)</td>
</tr>
</tbody>
</table>

**Neighborhood**: For the Cordovan and St. Joseph’s projects, the study neighborhood is defined as the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, and the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

**Racial/Ethnic Composition**: The percentages of the four groups may not add up to 100 percent because people of other races or two or more races are not included. Author calculations of 2005-2009 ACS 5-year estimates.

**Median Household Income**: The median total income for all members of a household aged 15 years or older, adjusted to 2015 dollars. Sources: 2005-2009 ACS 5-Year estimates, Consumer Price Index for all urban consumers, Bureau of Labor Statistics.
### App. Table 4-3. Starting Neighborhood Context (2005-2009), by study project: 
**Housing Characteristics**

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Total Units (MOE)</th>
<th>% in Single Family Properties (%,MOE)</th>
<th>Median Year Built</th>
<th>% Owner Occupied (%,MOE)</th>
<th>Residential Vacancy Rate (%,MOE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cordovan at Haverhill Station</td>
<td>2,109 (83)</td>
<td>7.4 (3.4)</td>
<td>1939</td>
<td>22.8 (6.1)</td>
<td>16.5 (6.1)</td>
</tr>
<tr>
<td>Dudley Village</td>
<td>2,597 (90)</td>
<td>20.2 (5.0)</td>
<td>1947</td>
<td>35.9 (6.6)</td>
<td>15.7 (4.8)</td>
</tr>
<tr>
<td>St. Joseph’s Apts.</td>
<td>1,764 (96)</td>
<td>6.2 (3.1)</td>
<td>1946</td>
<td>7.5 (2.8)</td>
<td>8.1 (4.6)</td>
</tr>
</tbody>
</table>

**Neighborhood**: For the Cordovan and St. Joseph’s projects, the study neighborhood is defined as the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, and the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

**Total Units**: The total number of housing units, both occupied and vacant, located within all types of housing. Source: 2005-2009 ACS 5-year estimates.

**% Single Family**: The proportion of all housing units (occupied & vacant) located in single-family properties. Author calculations of 2005-2009 ACS 5-Year estimates.

**Median Year Built**: The median year structure built, for all housing structures. Source: 2005-2009 ACS 5-Year estimates.

**% Owner Occupied**: The portion of total occupied housing units that are owner-occupied. Author calculations of 2005-2009 ACS 5-Year estimates.

**Vacancy Rate**: The portion of the total housing stock that is vacant for any reason (including units used only seasonally or part time) at the time of enumeration. Author calculation of 2005-2009 ACS 5-year estimates.
### App. Table 4-3. Starting Neighborhood Context (2007-2008), by study project: Housing Market Characteristics, *continued*

<table>
<thead>
<tr>
<th>Racial/Ethnic Composition of Borrowers (2007-2008,%)</th>
<th>Cordovan at Haverhill Station</th>
<th>Dudley Village</th>
<th>St. Joseph’s Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hispanic White</td>
<td>61.4</td>
<td>20.5</td>
<td>72.7</td>
</tr>
<tr>
<td>Non-Hispanic Black</td>
<td>2.9</td>
<td>52.6</td>
<td>4.5</td>
</tr>
<tr>
<td>Hispanic</td>
<td>31.4</td>
<td>21.8</td>
<td>13.6</td>
</tr>
<tr>
<td>Non-Hispanic Asian</td>
<td>4.3</td>
<td>5.1</td>
<td>9.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Population Racial Composition (2005-2009, %)</th>
<th>Cordovan at Haverhill Station</th>
<th>Dudley Village</th>
<th>St. Joseph’s Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hispanic White</td>
<td>50.7 (12.3)</td>
<td>2.7 (2.4)</td>
<td>54.9 (11.1)</td>
</tr>
<tr>
<td>Non-Hispanic Black</td>
<td>2.5 (1.9)</td>
<td>49.8 (9.0)</td>
<td>3.3 (1.9)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>39.4 (14.9)</td>
<td>22.4 (5.7)</td>
<td>19.7 (5.3)</td>
</tr>
<tr>
<td>Non-Hispanic Asian</td>
<td>2.1 (2.4)</td>
<td>1.7 (1.7)</td>
<td>20.9 (8.8)</td>
</tr>
</tbody>
</table>

**Neighborhood:** For the Cordovan and St. Joseph’s projects, the study neighborhood is defined as the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, and the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

**Racial/Ethnic Composition of Homebuyers:** Two-year average 2007-2008. The presence of various racial and ethnic groups within the home buyers (of originated, owner-occupied, nonbusiness, 1-4 unit loans) in the neighborhood, each year, as a percentage of all home buyers (of originated, owner-occupied, nonbusiness, 1-4 unit loans). Author calculations of Home Mortgage Disclosure Act (HMDA) data.

**Racial Composition:** The percentages of the four groups may not add up to 100 percent because people of other races or two or more races are not included. Author calculations of 2005-2009 ACS 5-year estimates.
### App. Table 4-4. Starting Neighborhood Context (2007-2008), by study project:

**Housing Market Strength**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cordovan at Haverhill Station</td>
<td>79</td>
<td>39</td>
<td>-16.2</td>
<td>$236,180</td>
</tr>
<tr>
<td>Dudley Village</td>
<td>36</td>
<td>21</td>
<td>-14.1</td>
<td>$173,619</td>
</tr>
<tr>
<td>St. Joseph’s Apts.</td>
<td>101</td>
<td>45</td>
<td>-27.3</td>
<td>$674,899</td>
</tr>
</tbody>
</table>

**Neighborhood**: For the Cordovan and St. Joseph’s projects, the study neighborhood is defined as the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, and the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

**Home Sales**: The volume of conventional loans that are originated for financing the purchase of 1-4 unit homes in the neighborhood, per 1,000 housing units in buildings with 1-4 units. Author calculations of Home Mortgage Disclosure Data (HMDA) and ACS 5-year estimates.

**Home Purchase Loan Size**: The median first-lien originated home purchase loan amount for 1-4 family owner-occupied properties per 1,000 housing units in buildings with 1-4 units. Amounts normalized to 2015 dollars. Author calculations of HMDA, 2000 U.S. Census, and 2008-2010 ACS 5-year estimates. These are population weighted averages of tract-specific medians. As a proxy for home sales prices, this HMDA indicator should be interpreted with care as HMDA data sources may underestimate the level of market activity, since they may not capture the level of activity in the more informal market that may exist in areas where realtors are less active and many transactions take place with the seller or other financing. Finally, the relationship between home sales prices and loan amounts depends on the percentage of the down payment, which is likely to be higher in wealthier areas.
### App. Table 4-5. Starting Neighborhood Context (2006-2008), by study project: Economic Vitality

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Small Business Lending</th>
<th>Retail Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3-Year Average</td>
<td>Avg. Annual Percentage Point Change (%, 2000-2008)</td>
</tr>
<tr>
<td>Cordovan at Haverhill Station</td>
<td>$48.1</td>
<td>$39.6</td>
</tr>
<tr>
<td>Dudley Village</td>
<td>$11.7</td>
<td>$30.7</td>
</tr>
<tr>
<td>St. Joseph’s Apts.</td>
<td>$16.1</td>
<td>$16.1</td>
</tr>
</tbody>
</table>

**Neighborhood**: Small business lending- For the Cordovan and St. Joseph’s projects, the study neighborhood is defined as the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, and the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts. Retail Establishments are reported for the Zip Code Tabulation Area where each focal tract is located.

**Small Business Lending**: Loans to small businesses (gross revenues < $1M) via the Community Reinvestment Act (CRA), per square mile of commercial land use area, in thousands. Amounts normalized to 2015 dollars. Author calculations of CRA data from Federal Financial Institutions Examination Council and the Metropolitan Area Planning Council’s (MAPC) Massachusetts Land Parcel Database.

**Retail Establishments**: Number of retail trade establishments (NAICS codes 44-45), per 1,000 population in the Zip Code Tabulation Area. Author calculations of County Business Patterns and Zip Code Business Patterns and population data from the U.S. Census.
### App. Table 4-6. Neighborhood Context in Early Years after Project Completion (2009-2013), by study project: *Distress*

<table>
<thead>
<tr>
<th>Study Case</th>
<th>Individual Poverty Rate (%&lt;sup&gt;1&lt;/sup&gt;,MOE)</th>
<th>Unemployment Rate (%&lt;sup&gt;1&lt;/sup&gt;, MOE)</th>
<th>Household Income ($&lt;sup&gt;1&lt;/sup&gt;, MOE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Neighborhood</td>
<td>City</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Cordovan at Haverhill Station</td>
<td>27.3 (10.8)</td>
<td>11.9 (1.5)</td>
<td>17.0 (5.9)</td>
</tr>
<tr>
<td>Dudley Village</td>
<td>26.4 (6.0)</td>
<td>21.4 (0.6)</td>
<td>17.2 (4.7)</td>
</tr>
<tr>
<td>St. Joseph’s Apts.</td>
<td>48.1 (12.1)</td>
<td>19.0 (1.8)</td>
<td>10.2 (4.9)</td>
</tr>
</tbody>
</table>

**Neighborhood**: For Cordovan and St. Joseph’s projects, the study neighborhood is the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, while the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

**City**: Cordovan is in Haverhill, Dudley Village is in Boston, St. Joseph’s Apartments is in Lowell.

**Poverty Rate (All Persons)**: The number of persons with incomes below the federal poverty threshold as a percentage of total population for whom poverty status is determined. Author calculations of 2009-2013 ACS 5-year estimates.

**Unemployment Rate**: The portion of the civilian labor force that is unemployed but actively seeking employment and willing to work. Author calculations of 2009-2013 ACS 5-Year estimates.

**Median Household Income**: The median total income for all members of a household aged 15 years or older, adjusted to 2015 dollars. Sources: 2009-2013 ACS 5-Year estimates, Consumer Price Index for all urban consumers, Bureau of Labor Statistics.
### App. Table 4-7. Neighborhood Context in Early Years after Project Completion (2012-2013), by study project: *Housing Market Strength*

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Home Sales</th>
<th>Home Purchase Loan Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2-Year Average (2012-2013)</td>
<td>2-Year Average (2012-2013)</td>
</tr>
<tr>
<td></td>
<td>Neighborhood</td>
<td>City</td>
</tr>
<tr>
<td>Cordovan at Haverhill Station</td>
<td>19.0</td>
<td>28.0</td>
</tr>
<tr>
<td>Dudley Village</td>
<td>8.3</td>
<td>33.0</td>
</tr>
<tr>
<td>St. Joseph’s Apts.</td>
<td>35.0</td>
<td>21.0</td>
</tr>
</tbody>
</table>

**Neighborhood**: For Cordovan and St. Joseph’s project’s, the study neighborhood is the census tract where the focal project is located. Dudley Village consists of buildings on opposite sides of the dividing line between two census tracts, while the northernmost buildings are also on the dividing line with a third tract. Therefore, the study area is defined as these three census tracts.

**City**: Cordovan is in Haverhill, Dudley Village is in Boston, St. Joseph’s Apartments is in Lowell.

**Home Sales**: The volume of conventional loans that are originated for financing the purchase of 1-4 unit homes in the neighborhood, per 1,000 housing units in buildings with 1-4 units. Author calculations of Home Mortgage Disclosure Data (HMDA) and ACS 5-year estimates.

**Home Purchase Loan Size**: The median first-lien originated home purchase loan amount for 1-4 family owner-occupied properties. Amounts normalized to 2015 dollars. Author calculations of HMDA, U.S. Census, and ACS 5-year estimates. These are population weighted averages of tract-specific medians. As a proxy for home sales prices, this HMDA indicator should be interpreted with care as HMDA data sources may underestimate the level of market activity, since they may not capture the level of activity in the more informal market that may exist in areas where realtors are less active and many transactions take place with the seller or other financing. Finally, the relationship between home sales prices and loan amounts depends on the percentage of the down payment, which is likely to be higher in wealthier areas.
Chapter V.

Conclusions and Next Steps
The big take away from this study is that enlisting affordable housing production as part of the revitalization of distressed neighborhoods ‘makes sense’.

Research demonstrates that producing LIHTC housing in high poverty neighborhoods positively impacts the immediate surrounding neighborhood – in terms of modest property value gains and increased safety.

While embracing a housing-driven notion of revitalization-focused developments, DHCD can sharpen goals and tools to advance it.

Massachusetts housing-based revitalization doesn’t follow a set recipe, but is sensitive to market, neighborhood, & organizational contexts.
V. Conclusions and Next Steps

Possible Next Steps for DHCD:

Enlisting the QAP to guide state investments in high poverty neighborhoods for the purpose of revitalization.

▼ Define realistic agency revitalization goals, absolutely, and relative to other responsibilities and priorities.

▼ Specify conditions for investment in distressed areas to support Agency community revitalization goals. Enlist QAP components and awards processes for incentivizing and targeting investments in a manner that is consistent with these goals and definitions.
  ▼ Consider a set of desired conditions, rather than just one standard to support flexibility to local context and revitalization objectives.

▼ Specify conditions for investment in distressed areas to support Agency community revitalization goals. Enlist QAP components and awards processes for incentivizing and targeting investments in a manner that is consistent with these goals and definitions.

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▼ Track and report annual revitalization-focused awards. See, for example, NJ annual reporting (http://www.state.nj.us/dca/hmfa/developers/credits/allocation/awards.shtml)

▼ Leverage existing cross-agency and state-local collaboration towards broader (e.g. with health investments) co-location and coordination of public investments, over time.
  ▼ For example, Nebraska’s Collaborative Resource Allocation for Nebraska (CRANE) program is to encourage development of affordable housing through long-term, coordinated job creation/enhancement, housing development and community development strategies.
‘Getting specific’ with the QAP – Factors to Discuss and Clarify

<table>
<thead>
<tr>
<th>Formulate Agency Revitalization Goals</th>
<th>Define revitalization focused project(s)</th>
<th>Define CCRPs*, Submission Requirements &amp; Agency Due Diligence</th>
</tr>
</thead>
<tbody>
<tr>
<td>▼ What Agency success looks like, over-time – in 3 years, 10 years</td>
<td>▼ Sponsor characteristics - Experience, embeddedness, capacity, partnerships</td>
<td>▼ Existing public, place-based plans – Which?</td>
</tr>
<tr>
<td>▼ Numeric targets for awards:</td>
<td>▼ Location – QCT Exclusivity, Neighborhood indicators of need &amp; thresholds; Neighborhood indicators of catalytic potential (proximity to amenities, services, job centers)</td>
<td>▼ Timing - Planning and implementation relative to proposed project, expected impacts</td>
</tr>
<tr>
<td>▼ By project number or funding</td>
<td>▼ Alignment with concerted community revitalization plan (CCRP)</td>
<td>▼ Role of local government – Some official action on a plan or a letter, committed funding</td>
</tr>
<tr>
<td>▼ Separate targets by type – location in the state, or type of community</td>
<td>▼ Coordinated with other geographically targeted public investments</td>
<td>▼ Target area – Defined, scale, relative to the footprint of the proposed development</td>
</tr>
<tr>
<td></td>
<td>▼ Project features – Removing blight, target population, size, etc.</td>
<td>▼ Comprehensiveness – Neighborhood dimensions targeted (e.g. housing, education, health, safety) &amp; standards of ‘success’ and neighborhood levels (residents, neighborhood, systems) targeted by plan components</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▼ Planning – Formal assessments and content, Stakeholder involvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▼ Implementation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▼ Local accountability and sustainability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▼ Financing – Beyond housing, level of commitment</td>
</tr>
</tbody>
</table>

* See Appendix V for resources
Possible Next Steps for DHCD, cont’d:

Informing arguments to Massachusetts policy makers for continued or increased investment of public resources in affordable housing in distressed neighborhoods

▼ Communicate research evidence from the field and comparative case studies which provide support for DHCD’s enlistment of public housing production resources for neighborhood improvement in high poverty areas.

▼ Consider additional research – A follow-up on the case study projects, spatial analysis of LIHTC awards over the past 5-10 years.

▼ Communicate a clear policy goal around revitalization to bring more people into the discussion around the details. Consider how to promote “concerted community revitalization plans”.

▼ Celebrate and publicize positive achievements (e.g. progress towards numeric goals) and improve inadequate outcomes.

▼ Track and report annual revitalization-focused awards.

▼ Consider data collection, analysis and reporting to demonstrate a broader range of benefits for the people housed, projects financed, and communities where they are build (Scally & Koenig 2012).

▼ Leverage the existing requirement of funded revitalization projects “consent[ing] to enter into a written agreement with DHCD to evaluate on an annual basis the effects of the development on the surrounding neighborhood.” (2015 QAP, p. 40)
Possible next steps for the development sector:

Enable Massachusetts affordable housing developers to promote community revitalization outcomes through development of affordable housing.

▼ Communicate research evidence from the field and comparative case studies to support enlistment of affordable housing production for neighborhood improvement in high poverty areas.

▼ Develop shared research and practice-based guidelines for designing revitalization approaches in different contexts.

▼ Increase capacity for enlisting affordable housing production for neighborhood improvement in diverse high poverty areas – across the sector.

   ▼ Of existing nonprofit groups experienced with LIHTC, smaller nonprofit groups and smaller community-based for profit groups inexperienced with LIHTC (Williamson & Smith, 2008).

   ▼ Consider advocating for a QAP selection incentive or expedited review process for small not-for profit or smaller community-based for-profit groups working in partnership with experienced LIHTC developers.

   ▼ Consider the utility of pre-development loans providing financial assistance with costs associated with the lengthy LIHTC application process.
This study and discussion of next steps focuses on the role of subsidized production in distressed neighborhoods for promoting greater access to opportunity for families with low incomes.

Low-income housing policies can also enlist subsidized production in high opportunity neighborhoods for increased access to opportunity.

Finding the appropriate balance between these two approaches (in addition to other low-income housing tools) in our dynamic community is an important challenge for our community and DHCD.

While this study does not speak directly to this critical policy question, this information on revitalization-focused housing production is one important piece of the puzzle.
References


Appendix V.
Housing-driven community change approach

- Primarily focused on physical improvements towards market building, with relatively less attention on existing residents except for ensuring they benefit from positive changes.
- Likely connecting to concurrent efforts in the neighborhood as market building seen as insufficient for meaningful change. However, explicit plan not assumed nor necessarily central to project activities.
- Broad stakeholder engagement is valued but less attention to how or why.
- Recognized potential of housing as a platform for family well-being, but little explicit prioritization of on-site services for residents or neighbors.

Comprehensive Planning Approach

- Considerable attention to people and neighborhood, along with housing focus.
- Broad and meaningful community engagement; community building principles.
- Explicitly and strategically part of a concerted plan, likely including multiple dimensions of the neighborhood (e.g. housing, safety, education, health), as well as attention to multiple levels (individuals, families, organizations, neighborhood, systems).
- Targeted and high quality programs implemented in various sectors (not the hoped for by-product of other efforts).
- Services for families in the target development and neighborhood particularly related to health, safety, employment, and education.

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Literature Reviews of Comprehensive Community Development


Dillman & Verrilli
<table>
<thead>
<tr>
<th>Table 1 Community Revitalization Standards in the QAP (2012 – 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Point Allocation</strong></td>
</tr>
<tr>
<td>Maximum Points (Full LIHTC Application)</td>
</tr>
<tr>
<td>Maximum Community Revitalization Points</td>
</tr>
<tr>
<td>if plan has budget of ≥ $6M</td>
</tr>
<tr>
<td>if plan has budget of ≥ $4M and &lt; $6M</td>
</tr>
<tr>
<td>Identified by city/county as most contributing to revitalization efforts (1 max per city/county)</td>
</tr>
<tr>
<td><strong>Eligibility Standards</strong></td>
</tr>
<tr>
<td>Separate urban, rural, and CDBG-DR standardsb</td>
</tr>
<tr>
<td>Eligible only if no points claimed on Opportunity Index</td>
</tr>
<tr>
<td><strong>Process Standards (Urban Region)</strong></td>
</tr>
<tr>
<td>Plan adopted by local governing body, following public input process</td>
</tr>
<tr>
<td>Plan funding and activity have commenced, and no reason to believe future funding will be unavailable</td>
</tr>
<tr>
<td>Local governing body has conducted assessment of the neighborhood factors needing to be addressed</td>
</tr>
<tr>
<td>Plan has assessed at least 5 of 8 factors</td>
</tr>
<tr>
<td><strong>Development &amp; Plan Standards (Urban Region)</strong></td>
</tr>
<tr>
<td>Development located within plan’s target area</td>
</tr>
<tr>
<td>Taken as whole, can be expected to revitalize neighborhood and address the neighborhood factors</td>
</tr>
<tr>
<td>Plan describes budget, source, and use of funds</td>
</tr>
<tr>
<td>Plan target area is larger than LIHTC housing footprint</td>
</tr>
<tr>
<td>Plan target area is delineated along neighborhood lines</td>
</tr>
<tr>
<td>staff review plan target area for neighborhood factors identified in initial area assessment</td>
</tr>
<tr>
<td>Plan is separate from broader economic development efforts</td>
</tr>
<tr>
<td>Plan is not a Consolidated Plan, other Economic Development initiative, or citywide plan</td>
</tr>
<tr>
<td>Plan includes efforts to coordinate with other jurisdictions, where applicable</td>
</tr>
<tr>
<td>Site conforms to rules on unacceptable sites</td>
</tr>
</tbody>
</table>

*In addition to raw points and the traditional QCT basis boost, the 2013, 2014, and 2015 QAPs provide a 30% basis boost to non-Qualified Elderly Developments, not located in QCTs, that are covered by a community revitalization plan. 

Table 1 provides a breakdown of urban standards. For rural and CDBG-DR standards, see Table 2.