

THE FALSE PROMISE OF THE MIXED-INCOME HOUSING PROJECT

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Since 1970, mixed-income (inclusionary) housing projects have proliferated in the United States. In a community of this sort, only some of the dwelling units, perhaps as few as 10 to 25 percent, are targeted for delivery of housing assistance. Eligible households that successively occupy these particular units pay below-market rents, while the occupants of the other units do not. This Article situates this innovation within the broader history of U.S. housing policy and evaluates its merits.

GOGP NOTE: 60% of the units (40% public housing + 20% tax-credit) in the mixed-income projects proposed for Galveston will be targeted for delivery of housing assistance, far more than the ideal 10-25% cited above!

I contend that the mixed-income project approach, while superior to the traditional public housing model, is in almost all contexts distinctly inferior to the provision of portable housing vouchers to needy tenants. Although prior commentators also have touted the voucher approach, I enrich their analyses by addressing more fully the social consequences of various housing policies that might be used to economically integrate neighborhoods and buildings. It has traditionally been thought that enhancing socioeconomic diversity within a neighborhood has unalloyed social benefits. Many recent social-scientific studies present a more complex picture and weaken the case for government support of mixed-income projects.

GOGP NOTE: We are often asked WHY “certain people” support the GHA rebuilding plan. The author offers some possibilities below:

WHY SUPPORT FOR PROJECT-BASED SUBSIDIES PERSISTS

Financial interests and anti-market ideologies spur **much of the support for the production of subsidized housing projects, mixed-income or otherwise.** A government program that annually dispenses billions of

dollars—whether for the production of ethanol, submarines, or affordable housing—brings into existence constituencies **whose members then provide continuing political support for the program.** Many housing advocates are connected to organizations **whose revenues depend on the continued development of affordable projects.**

Federal, state, and local politicians all have learned that having the power to influence project approvals can provide leverage to raise campaign contributions. It is hardly news that HUD's project programs have frequently been rocked by scandal.

An infusion of portable **vouchers into a city boosts both the quality and quantity of housing supply** because the rise in demand helps induce landlords to upgrade their buildings to attract tenants. Conversely, an infusion of subsidized **projects** adds less than might be expected to the total housing stock because it tends to **displace private production** that would otherwise occur. Those who rank project subsidies above vouchers tend to ignore these secondary effects.

The staunchest supporters of project-based subsidies, while not numerous, are sophisticated and well organized. GOGP NOTE: (the Poverty Industry) The millions of poor households who would be the primary beneficiaries of an expanded voucher program are diffuse and not mobilized. Enough said.

CONCLUSION: THE MEDIOCRITY OF THE MIXED-INCOME HOUSING PROJECT

Mixed-income affordable housing projects are unquestionably superior to the large ghettoized public housing structures that until recently blighted the most populous American cities. While the process of developing a mixed income project is likely to give rise to more red tape per subsidized unit, a private mixed-income project is likely to endure longer than a public housing project and to be better managed and less socially troubled.

Nonetheless, **building mixed-income subsidized projects is a mediocre policy approach.** In most contexts, using tax revenues to enhance

spending on **housing vouchers would be far more efficient and fairer** than devoting those same revenues to providing inclusionary units. Although hardly problem-free, **vouchers confer greater benefits on recipients and avoid many of the pitfalls of project-based aid.** Experience indicates that the mixed-income project approach is far more flawed. It has blossomed **primarily on account of the political influence of those who gain from supplying these developments.** That a return to the traditional public housing model would be worse yet hardly establishes an affirmative case for the mixed-income model.

Some specific indictments are in order. One mediocre federal program is HOPE VI, a vehicle for razing a failed public housing project (a good idea) and replacing it, commonly at extraordinarily high cost, with a new mixed-income development (a bad idea). **Another is the Low-Income Housing Tax Credit,** the program of federal aid that now encompasses a greater number of dwelling units than the entire stock of public housing.

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