

Whose Neighborhood Is It?

As disinvested neighborhoods are redeveloped to “attract a new demographic,” what about the original residents? Do the people who struggled to keep the community alive through disinvestment and poor public services still belong? Here are some voices of East Liberty residents who are fighting to remain in the neighborhood that has been their home:

“I live here. I’m from here. My whole family is here ... We try to stay close together. This is America. I’m a Marine. I went to war three times. I served my country. It feels crazy not to be able to live in my own area where I grew up.” --Jaquaie Macatee, East Liberty resident.

“I grew up around here...I’ve always wanted to live here...But now we have four kids – we need a bigger place. We wasted six months looking for something affordable around here so we finally moved out to Millvale. I had to buy a car to commute back here to my job, and then I had to take another job to pay for the car. I work 48 hours at one job, 32 at the other. I get very little sleep. And I miss my neighborhood.” --Aaron Vire, former East Liberty resident.

“There are people looking at me like ‘what are you doing here?’ I had my first kiss on that street. I had to get stitches over there.”
--Deion "1.2" Hardy, East Liberty resident.

“They think they can squeeze the little guys out ... I will not go.”
--East Liberty shop owner

“This is about housing, getting kicked out, and vultures.”
--Tracey, Age 9

BLACK HOMES MATTER



**ALTERNATE APPROACHES
TO NEIGHBORHOOD REVITALIZATION
IN THE CITY OF PITTSBURGH**
People's Speak-Out for Equitable Development

NOT WANTED?

“Of critical importance will be selecting a developer that can transform this area into a safe and desirable neighborhood that will attract a **new demographic.**”

-- StreetWorks Market Plan for East Liberty



NOT THE “RIGHT DEMOGRAPHIC?”

“I live here. I’m from here. My whole family is here. We try to stay close together. This is America. I’m a Marine. I went to war three times. I served my country. It feels crazy to not be able to live in my own area where I grew up.”

-- Last tenant of building sold by East Liberty Development, Inc.

Peoples Speak-Out for Equitable Development

Please join us on June 18th, 2015

9:30am at Bakery Square in East Liberty

5:30 pm at Mellon Square Park, downtown Pittsburgh

After Jaquaie went public with his story of displacement, East Liberty Development, Inc. offered him the replacement housing he was looking for. Throughout East Liberty, long-time residents like Jaquaie are being forcibly removed, priced out or are otherwise at risk of losing their homes. It doesn't have to be that way.

The 2015 Federal Reserve Bank of Cleveland's ***Policy Summit on Housing, Human Capital and Inequality*** highlights the transformation of Pittsburgh's East Liberty neighborhood as "*one of the best examples of Pittsburgh's post-decline renaissance,*" that used "*equitable revitalization strategies*" to "*ensure [that] the revitalization benefited existing residents while attracting new development.*" Long-time residents of East Liberty know better. The East Liberty transformation was – and still is – based on the removal of low-income black residents out of the neighborhood at the very moment that investment is returning and living conditions are starting to improve. Meanwhile, a neighborhood revitalization that actually did benefit long-time residents while attracting new development on Pittsburgh's North Side goes unmentioned. We invite you to look at the facts and decide for yourself which approach is equitable.

"American apartheid is both a system of separation and of serial forced displacement." Mindy Thompson-Fullilove, et al., *The Ghetto Game: Apartheid and the Developer's Imperative in Post-Industrial American Cities* (2009).

What is Equitable Development?

Throughout the mid-20th century, the federal government subsidized white homeownership in newly built, appreciating areas through mortgage insurance and infrastructure grants. Redlining and racially restrictive covenants excluded black Americans from the post-war housing boom and drove investment away from black communities. Black commercial districts were destroyed through urban renewal and black “rentership” was subsidized through public housing. These divergent housing and community development policies magnified racial disparities in ownership, opportunity (access to jobs and quality education), and housing security (protection from rent increases and mass evictions).

Equitable development seeks to reverse this legacy by revitalizing historically disinvested communities in a way that closes racial disparities in ownership, opportunity, and housing security.

The following pages compare two approaches to neighborhood revitalization in Pittsburgh—East Liberty and the North Side. East Liberty followed a traditional displacement and gentrification approach in which low income residents are relocated out of the neighborhood in order to make way for new mixed-income housing, luxury housing, and national chain retail. The North Side followed a preservation and tenant empowerment approach that preserved and improved the existing housing stock, helped Section 8 tenants acquire an ownership stake in their homes, increased tenant incomes, and supported locally-owned businesses.

There is no “one-size-fits-all” approach to equitable neighborhood revitalization. After the comparison, we provide other examples of equitable development strategies that have been used locally and around the country.

Equitable Development Principles

First, Do No Harm. All residents should have an opportunity to benefit from investment in their neighborhood. People who live through a neighborhood's disinvestment and blight should not be forced to move when living conditions finally improve.

Increase Access to Opportunity. Affordable housing should be located in areas with good access to public transportation, jobs and high-quality schools. Residents who want to move to high-opportunity areas should be supported in that choice.

Increase Resident Incomes. Low income residents should have the support they need to improve their economic situation. This includes child care, skills development and job linkage services.

Support Resident Ownership of Housing. African-Americans should have the same ability as European-Americans to own the housing in their neighborhood and to build wealth as property values appreciate.

Support Resident Ownership of Businesses. Locally-owned businesses build wealth and help put residents in charge of their own economic fortunes. They are often the cultural landmarks that define who "belongs" in a community.

Ensure Long-Term Housing Security. Renters are particularly vulnerable to displacement as property values increase. While displacement and gentrification may produce a mixed-income mixed-race community for a period of time, maintaining that diversity requires long-term affordability controls.

North Side: Preservation and Tenant Empowerment



"Women of the North Side" mural, North Side Properties

A community reinvestment fight led by Dorothy M. Richardson and a rehab for resale strategy led by the Pittsburgh History & Landmarks Foundation preserved the housing stock and stimulated private investment. Affordability was preserved mainly through a large scattered-site Section 8 development (North Side Properties). In 1998, the tenant council in Northside Properties (Northside Coalition for Fair Housing or NCFH) successfully fought to prevent the mass eviction of over 300 low-income families. In 2008, the URA provided financing for NCFH to buy out a majority of the investors in the company that owns their homes. This arrangement gave NCFH veto power over major decisions and made it possible for the owner to reinvest income into the properties and contract with NCFH to provide peer-to-peer service coordination for the residents. The result has been higher-quality housing, safer and more attractive neighborhoods, and increased tenant incomes. At the same time, a neighborhood CDC (ACCA) attracted at least 4 new locally-owned businesses to the major commercial district.

East Liberty: Displacement and Gentrification



“Artists” lob paintballs at East Liberty residents’ former homes

Urban renewal in the 1960s created dense, mixed-income rental housing that became entirely low-income and HUD-subsidized after years of neglect. In the late 1990s, the neighborhood CDC (ELDI) developed a plan to replace the housing (Federal American Properties or FAP) with less dense mixed-income housing owned by a more responsible set of landlords. Hundreds of low-income people were uprooted and displaced. Of the 546 original households, only about 150 were able to remain in East Liberty and/or move to the new housing. Street vendors were chased from the commercial core. At least 14 locally-owned businesses were displaced or lost their clientele and were forced to close. National chains and high-end retail establishments were enticed to locate in East Liberty and hundreds of units of luxury housing are being built. The displacement of low-income tenants continues with the partial relocation of residents of another HUD-subsidized property (East Liberty Gardens or ELG) to an adjacent high-poverty area, the purchase of occupied rental properties for subsequent sale to high-end developers, and rapid increases in market rents.

First, Do No Harm -

North Side

All affordable properties were preserved and improved, and not a single low-income resident was relocated.

Depending on the scope of work, rehabilitation and upgrades are done either while tenants remain in the unit, when a tenant moves out, or with a unit transfer within North Side Properties.



Playground build organized by the tenants of North Side Properties

Resident Displacement

East Liberty

Hundreds of East Liberty’s most vulnerable residents were displaced or are being displaced, in order to “attract a new demographic”. Almost all displaced residents are relocated to other high-poverty areas.

FAP

- Roughly 150 FAP households relocated w/no return
- Roughly 250 FAP households evicted or moved prior to relocation (this included an eviction spree just before two of the properties were transferred to a developer)

ELG

- All 124 ELG households to be “temporarily” relocated
- About 40 of the 127 ELG units will be removed from East Liberty and replaced in an adjacent high-poverty neighborhood

ELDI-Acquired Properties

- 200+ units acquired, unknown number of residents displaced, Roughly 45 Mellon’s Orchard residents at risk of displacement

“Of critical importance will be selecting a developer that can transform this area into a safe and desirable neighborhood that will attract a new demographic.”
—StreetWorks Market Plan for East Liberty

A DEVELOPMENT PLAN FOR EAST LIBERTY, PITTSBURGH, PA

1. Vision
The plan is to create a vibrant, walkable, and safe neighborhood that attracts a new demographic and provides high-quality housing and amenities.

2. Goals
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

3. Objectives
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

4. Strategies
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

5. Action Plan
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

6. Implementation
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

7. Monitoring and Evaluation
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

8. Funding
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

9. Partnerships
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

10. Conclusion
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

11. Appendix
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

12. Glossary
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13. References
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14. Acknowledgments
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15. Contact Information
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16. Disclaimer
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17. Other
Increase the number of high-quality housing units, improve the quality of life for residents, and create a sense of community.

Access to

North Side

All 324 NSP households have reasonably good access to public transportation, educational and job opportunities

Transit

Transit Score: 52-61

Educational and Job Opportunities

The neighborhood has good access to educational opportunities (CCAC and Bidwell Training Center). The North Side has not been nearly as successful as East Liberty at creating jobs, but they have had tremendous success at improving the incomes of their lowest-income residents.

“Affordable doesn’t mean low quality of living – it doesn’t. It doesn’t mean we want any less for our children, or any less out of our lives. It just means we can’t afford market rate at this point in our lives.”- Trish Parker, North Side Properties Resident & NCFH Outreach Liaison.

Resident

North Side

NCFH links tenants with educational and job opportunities. ***Income from tenant rental payments at North Side Properties has nearly doubled since 2008.*** (Since rent is based on income, this reflects a significant increase in tenant incomes.) This was accomplished without displacing any residents, changing the demographic makeup of the housing, or using screening criteria that favors applicants who are already employed.

Opportunity

East Liberty

Residents who are able to remain in East Liberty have very good access to public transportation, educational and job opportunities. Roughly 150 FAP households were relocated to high-poverty, low-opportunity areas, and almost all ELG households will be moved farther away from public transportation and jobs.

Transit

Transit Score: 69 (FAP & replacement housing)
68 (ELG)

TOD project (East Liberty Transit Center) reserved exclusively for luxury housing.

Educational and Job Opportunities

The neighborhood has some high-performing schools (Urban League K-5 and Obama 6-12). Hundreds of new retail and tech jobs have been created in East Liberty and in the southern section of Larimer. Only 1.6% of all jobs in East Liberty are held by residents of East Liberty.

Incomes

East Liberty

An income mix has been achieved by displacing low-income residents and building mixed-income housing and luxury housing to attract “a new demographic.” The developers who own the new mixed-income housing use screening criteria to favor applicants who are already employed.

No information exists as to whether original residents have seen their incomes increase or decrease.

Resident Ownership

North Side

Section 8 Tenant Council (NCFH) owns a majority of the shares in the company that owns their homes.



Brandi Taylor, proud resident and co-owner of North Side Properties

Financing resident ownership of affordable housing helps close the racial gap in housing ownership, helps give renters a stake in their community, and helps ensure that the housing will continue to remain affordable in the face of rapid market appreciation.

“When you feel like you’re part of keeping this going you feel a sense of pride, you feel a sense of belonging.” --Brandi Taylor, resident and board member of the Northside Coalition for Fair Housing (NCFH).

- Housing

East Liberty

Most of the new housing in East Liberty is developer owned rental housing. The following developers received direct or indirect public subsidies to build rental housing in East Liberty:

TCB: 481 mixed-income units

McCormack-Baron Salazar: 280 mixed-income units

S&A Homes: 41 affordable units

Walnut Capital: 350 luxury units

Mosites Corporation: 360 luxury units

ELDI: 85 mixed-income units

Goldman Sachs buys stake in McCormack Baron Salazar

St. Louis Business Journal, 3/13/2010

Financing developer-owned housing builds wealth for the already wealthy, keeps tenants dependent, and almost guarantees that the most valuable affordable housing will convert to market rate when the affordability period ends (usually 30 years).

“There are people looking at me like ‘what you doing here?’ I had my first kiss on that street. I had to get stitches over there.”

--Deion "1.2" Hardy, East Liberty resident.

Resident Ownership

North Side

A Neighborhood CDC (ACCA) adopted a strategy to preserve/ attract locally-owned businesses in 2009. Since then, at least 4 such businesses have located in the main business district.



Preserved, new and long-time businesses on Federal Street

NCFH created a tenant-owned cleaning company to clean the common areas and turnover units at North Side Properties. The business is now expanding to other properties.



Premier Touch Cleaning Company

“Healthy communities contain diverse commercial services and economic opportunities for their residents”--Central Northside Community Plan

- Businesses

East Liberty

Most new businesses are high-end and/or national chains.

At least 14 locally-owned businesses that served low-income residents were displaced or have closed since the revitalization began. A number of other businesses opened in the early phases of the revitalization but shut their doors later because of high rents and/or complaints from higher-end neighbors about their clientele.

Street vendors were chased from Penn Avenue. This used to be a low-cost business option for low-income entrepreneurs.



*Closed after 56 years on
Penn Avenue*

*New luxury shopping for a
new demographic*

“We want our merchandising mix to appeal to an upper income customer”--StreetWorks Market Plan for East Liberty

These places they are building now—I can’t even afford to windowshop”--Jaquaie Macatee, East Liberty resident

Housing

North Side

All 324 units of project-based Section 8 housing were preserved. This deep subsidy keeps the units affordable to extremely low-income families.

NCFH's ownership interest gives the tenants of North Side Properties veto power over any sale of units or changes to affordability. That will ensure that the properties will remain affordable for years to come.



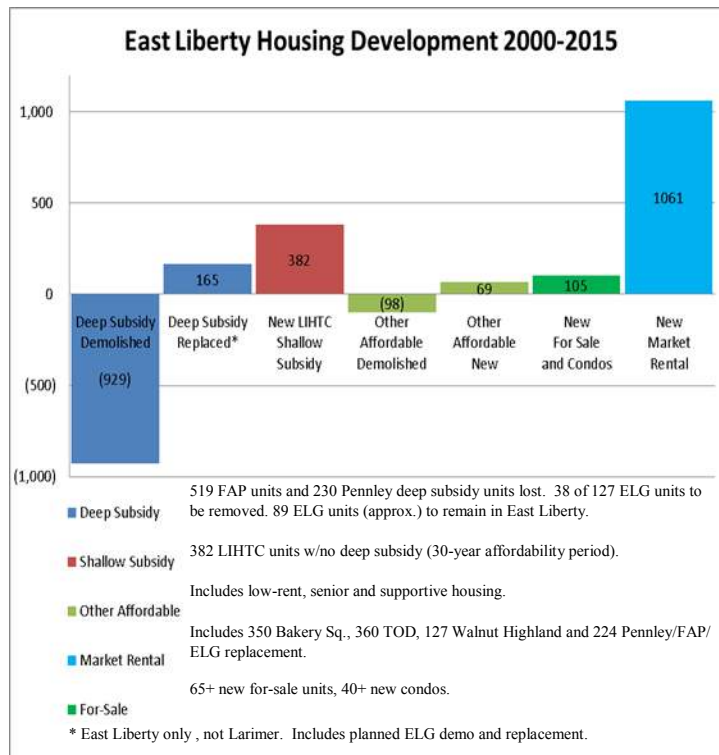
North Side Properties units, California-Kirkbride

“Sometimes people have down times in their lives. Housing that is based on your income allows you to get your bearings and re-establish yourself.” -- Brandi Taylor, resident and board member of NCFH, who was evicted from her previous residence after she was laid off from her job.

Security

East Liberty

764 deep subsidy units¹ were lost and replaced mostly with shallow subsidy, for-sale and market rental units.



Sources:
URA

presentation to PHFA (2015), CNI power point (2013), URA FAP proposal to HUD (2007), media accounts.

“I’m not just thinking of myself, I’m thinking about the next person who’s going to need this housing in 5 or 10 years.” – Alethea Sims, President of the Coalition of Organized Residents of East Liberty.

¹ “Deep subsidy” means that rent can not exceed 30%-40% of the tenant’s household income, with an allowance for tenant-paid utilities. “Shallow subsidy” means that rent is set at a fixed amount that is generally lower than the market rent for the area. Most shallow subsidy housing must remain affordable for only 30 years.

The following strategies have been used to ensure that existing residents benefit from revitalization activities and to help address racial disparities in ownership, opportunity, and housing security:

A. RESIDENTIAL NON-DISPLACEMENT STRATEGIES

Strategies to Prevent Direct Displacement

Build-First - Bedford Hill HOPE VI. Bedford Additions was a large public housing community in Pittsburgh's Hill District that was demolished and redeveloped as scattered site, mixed income housing. Scattered-site replacement housing was built in the surrounding neighborhood before residents were required to move. This made it possible for most residents to make a single move to new housing. (So-called "good standing" requirements, however, resulted in the displacement of some of the existing residents.)

On-Site Relocation - Second East Hills. Second East Hills is a large project-based Section 8 community in Pittsburgh's East Hills neighborhood, that was "gut rehabbed" into townhouse apartments. Significant vacancies made it possible to consolidate occupancy on one part of the site while the new housing was being rehabilitated.

Master Lease - Three Rivers Manor. Three Rivers Manor was a seniors high rise that was demolished in order to construct PNC Park. The Sports and Exhibition Authority paid to lease a block of apartments at Allegheny Dwellings a couple of blocks away while replacement housing was built in the neighborhood.

Strategies to Prevent Indirect Displacement (Gentrification)

Rent Stabilization – New York City. Rental properties that receive financial benefits are enrolled in the city's rent stabilization program for a period of time. Rent stabilization sets the maximum amount of annual rent increases and entitles tenants to minimum services from their landlords and the right to have their leases renewed. Rent increases are controlled by a rent stabilization board.

Strategies to Prevent Indirect Displacement – Cont'd

Community Land Trusts. Community Land Trusts (CLTs) are non-profit organizations that hold land in trust to preserve permanent affordability and local control. CLT housing is made available to homebuyers at lower than market rates and those subsidies are passed on to subsequent buyers by limiting resale prices, effectively removing land from the speculative market and disrupting gentrification.

Tenant Ownership. Tenant ownership can take many forms:

- *Limited equity cooperatives* give tenants joint ownership and control over their housing. The co-op owns the land and buildings, and tenants own shares in the co-op.
- *Tenant-association ownership* is similar to the CLT model. Rental housing is owned by a membership-based non-profit controlled by the tenants.
- *Tenant-association co-ownership* is a joint venture between a tenant association and experienced property managers in the ownership and operation of their housing.

Tenant ownership strategies include:

Purchase Option /Right of First Refusal – North Side Properties.

When public entities finance affordable housing, they can require the developer to give the tenant council or other non-profit the right to buy their homes after a period of time. The financing can be structured to create a pool of funds that can be used to make the purchase. The Pittsburgh Urban Redevelopment Authority did that when it financed North Side Properties in the early 1980s, and NCFH was able to tap into that financing to buy out a majority of the investors 25 years later.

LIHTC Lease-Purchase – Dinwiddie Townhomes. Dinwiddie Townhomes is a 4-phase LIHTC development in the Hill District. The developer (Trek) has committed to convert the properties to tenant ownership after the end of the LIHTC compliance period. Many investors are eager to transfer their shares at that point.

Homeowner support strategies include:

Affordable Rehab for Re-sale – Open Hand Ministries. Open Hand Ministries is a faith-based partnership that has rehabilitated vacant houses in Pittsburgh’s East End neighborhoods for sale to low-income families. Local churches conduct outreach to their congregations to identify low-income families who want to become homeowners.

Owner-Occupied Rehab Grants – Clairton Southside. Free repairs and energy efficiency upgrades were provided for owner-occupants in order to help them adjust to property tax increases as a result of new development in the neighborhood. About 20% of all owner-occupied homes in the neighborhood were assisted. Homeowners received an average of \$20,000 per home in repairs and energy efficiency improvements. ***Philadelphia*** has four city-wide owner-occupied grant programs, including one that provides grants of up to \$20,000 per home for basic systems (health and safety) and exterior repairs.

Equity Protection Services – Homewood. Operation Better Block contracts with an attorney to help low-income homeowners obtain clear legal title to their homes and pass that title on to their heirs.

Help with Property Taxes – Philadelphia has established the following tax relief programs that help low-income homeowners in gentrifying areas:

- **Long-time Owner Occupants Program.** Provides property tax relief for long-time owner-occupants facing steep increases in property assessments.
- **Low-Income Senior Citizen Real Estate Property Tax Freeze Program.** Freezes tax rates and assessments for qualifying seniors.

The Philadelphia Association of CDCs is recommending that the city fund outreach to low-income homeowners to increase use of the city’s generous homestead tax exemption.

B. BUSINESS NON-DISPLACEMENT STRATEGIES

Inclusionary Business Development – San Jose development agreement with CIM. The City of San Jose required the developer of a \$140 million mixed use development project to (1) set aside at least 10% of all retail spaces for locally-owned small businesses, and (2) use best efforts to achieve a retail mix of 30% local, 30% regional, and 30% national companies.

National Chain Retail Restrictions – San Francisco Planning Code. All proposed business developments in neighborhood commercial districts that include national chain retail are subject to heightened review. Review criteria include whether similar goods or services are already available within the business district and the compatibility of the proposed business with the character of the neighborhood.

Cooperative Marketplace – Portland Saturday Market. Portland Saturday Market is an outdoor market for local artisans in Portland, Oregon. It is a mutual benefit corporation, which means that all members share in the cost and governance of the market, but keep all profits from the items they sell.

Rent Rebates to Small Businesses in Changing Neighborhoods - Philadelphia. The city used short-term rent rebates to attract small businesses to struggling commercial districts and to help existing businesses expand. Of 103 businesses in the program, 70 were still in businesses after 2 years, and approximately 15 ended up buying property in the area.

PACDC is recommending that this program be restored, along with help for small business renters to become owners of the properties in which they operate. To this end, PACDC recommends making land bank property and low-cost acquisition and development financing available to small businesses in changing neighborhoods.

C. STRATEGIES TO INCREASE ACCESS TO OPPORTUNITY

Inclusionary Affordable Housing. Hundreds of municipalities have adopted inclusionary zoning ordinances, which require that housing developments over a certain size contain at least some affordable units. According to a 2013 study by RAND, IZ units tend to be in areas that have lower poverty and higher performing public schools than non-IZ units.

Transit Oriented Development. Most cities encourage affordable housing development in close proximity to their public transit hubs. Pittsburgh does the exact opposite (e.g., the East Liberty TOD).

D. STRATEGIES TO INCREASE RESIDENT INCOMES

Local, Targeted and First Source Hiring. Hundreds of cities have adopted local hiring, targeted hiring or first source hiring policies that leverage public works and community development resources to increase employment opportunities for their residents. ***San Francisco*** requires that at least 50% of all hours worked on publicly funded projects be worked by city residents and that at least 25% be worked by disadvantaged residents. The City of Pittsburgh has had a local hire policy on its books since 2000, one year after voters approved an amendment to the City Charter requiring that at least 35% of all work hours on City-funded construction projects be performed by City residents. The law has never been implemented.

Living Wage Laws. Over 100 jurisdictions throughout the country have adopted living wage requirements. Living wage laws typically require that in order to receive government subsidies, businesses must agree to pay their workers a family-sustaining wage. Pittsburgh enacted a living wage law in 2000 that set the living wage at \$9.34 per hour plus full benefits, which at the time was the wage that a family of four with two full-time wage earners would need to earn in order to afford basic living needs, but the law never went into effect.

E. STRATEGIES TO SUPPORT RESIDENT OWNERSHIP OF COMMUNITY ASSETS

Priority to Acquire Vacant and Publicly-Owned Property – Pittsburgh Property Reserve. The vacant property acquisition tool that will soon be replaced by the Pittsburgh Land Bank gives a priority to community-based development organizations to place vacant tax delinquent properties into the property reserve and acquire them at cost. The Land Bank could adopt a similar preference.

Co-Ownership Requirements – Clairton Southside. The Sanders Task Force, which was established to allocate a portion of Allegheny County's community development block grant funding over a 7-year period, procured a developer for the initial phases of the Southside neighborhood revitalization effort in Clairton and required the developer to partner with the local community organization as a condition of project award. As a partner, the community organization was able to ensure that all aspects of the development benefited existing residents.

Neighborhood-Scale Retail – North Side. In 2009, the Allegheny City Central Association adopted a strategy to preserve and attract locally-owned businesses and ethnic restaurants. The strategy involves working with developers who have a track record attracting locally owned businesses; helping business tenants with soft financing and signage; and marketing to local small- and micro-business owners to locate in the neighborhood. This strategy has resulted in 4 family-owned businesses and ethnic restaurants being established in their main commercial district since 2009.

Community Land Trusts and the ***Tenant Ownership*** strategies outlined above also help to support resident ownership of community assets.