

A CLOSER LOOK

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A Closer Look takes topics from previous and current issues of *Bridges* and examines them from a local perspective.

...AT THE MEMPHIS REGION

Mixed-Income Housing in Memphis

Social, Financial Partnerships Foundation of Four Large Developments

The face of public housing in Memphis, Tenn., has changed dramatically in the last 10 years, primarily as a result of the HOPE VI program, an initiative of the Department of Housing and Urban Development (HUD).

HOPE VI grants were funded to address severely distressed public housing projects occupied primarily by poor families. A major goal of the HOPE VI program is to replace public housing projects with mixed-income housing and also to provide housing vouchers to enable some residents to rent apartments in the private market.

In Memphis in the early 1990s, many low- to moderate-income residents resided in several public housing developments operated by the Memphis Housing Authority. This concentration of residents with lower incomes began to change in 1996 as Memphis began receiving Hope VI grants. Since that time, the city of Memphis has received four grants totaling \$124.6 million which, along with private funds, have resulted in the development of four new mixed-income communities: College Park, Uptown, Legends Park and University Place.



From left, Ruby Bright, executive director of the Women's Foundation; Susan Stephenson, board chair of the Women's Foundation; and Karla Davis, project manager of Memphis Hope in front of the construction site for Phase I of University Place, which is almost complete.

The Early Developments

The city's first public-private HOPE VI development, Le-Moyne Gardens, was renamed College Park, a mixed-income housing development that has 40 homes and 371 rental units. The portion of the development costs funded by the HOPE VI grant was \$47.2 million. The LeMoyne Redevelopment LLC is responsible for this development.

In 2000, the city was awarded a second HOPE VI grant, this time for \$35 million for the redevelopment of two public housing developments, Hurt Village and Lauderdale Courts. The resulting mixed-income development from these two areas was

renamed Uptown Memphis. Approximately 1,000 mixed-income units—affordable, public housing and market-rate—were created. With funds from a public/private partnership that included the city of Memphis, the Memphis Housing Authority and Lauderdale-Greenlaw, LLC, a Belz-Turley Co., the HOPE VI grant was leveraged into \$142 million of development investment.

The Newest Developments

The newest developments in the mixed-income housing market are University Place and Legends Park, with construction having begun in 2006. The Lamar Terrace

and Dixie Homes public housing projects were razed to make way for these two new developments.

The four phases for University Place will include 118 units of housing for senior citizens, 287 multifamily rental units and 68 single-family home ownership units. Phase I, housing for senior citizens, is almost complete. The HOPE VI grant for University Place totaled \$22.4 million.

The \$20 million HOPE VI grant for Legends Park, along with private financial support, will result in 430 market-rate and income-based rental units and 30 for-sale homes. Phase I of four phases of the redevelopment plan will consist of a home ownership program for families with household incomes of less than 80 percent of the area's median income.

University Place and Legends Park, like the other HOPE VI developments, involve a partnership between a developer (in this case McCormack Baron Salazar), the Memphis Housing Authority and the city of Memphis.

From Housing Project to Mixed-Income Housing

The organization responsible for the well-being of residents who have been

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Vearlean Gibson at her residence in Uptown Memphis.

A Success Story

Ensuring that her three children had a good education and a better life have always been key goals for Vearlean Gibson. While residing in the Hurt Village public housing project, she worked whenever possible, even though she faced challenging child-care issues. She often left home at 5 a.m. daily with her small children to take multiple buses to their day-care centers and then to her job. She knew it was important that her children participated in meaningful activities and always involved them in church programs or after-school programs.

All of her children are now adults, but two of them lived with her when she initially moved to Uptown Memphis. Children are permitted to live with parents after age 18 if they are full-time college students or employed. If a child over 18 is not in school or working, 20 hours of community service must be done each month.

Gibson's hard work has paid off. Her oldest daughter is employed at a local day-care center, her younger daughter has a Special Master in Education and works for the Memphis City Schools, and her son is working and going to college. Because all three of her children now have their own apartments, Gibson was required to move from her three-bedroom townhouse to a one-bedroom apartment in another part of Uptown Memphis.

Gibson now has an automobile, but she said she would take public transportation if it was necessary for her to go to work and not jeopardize living in her "new" community.

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displaced as the new developments are being built is Urban Strategies Memphis Hope.

Memphis HOPE is a non-profit organization funded by the Women's Foundation for a Greater Memphis. The foundation raised \$7.3 million for Memphis HOPE to provide case management services to the nearly 1,200 residents (600 families) who were displaced from Lamar Terrace and Dixie Homes.

Ruby Bright, executive director of the Women's Foundation, said the foundation decided to fund Memphis HOPE because "nearly 95 percent of public housing households are headed by women. The profiles of these women align with those that fit within our focus areas."

As a model for social change through community, public and private partnerships, Memphis Hope provides intensive case management to each family. Karla Davis, senior project manager for Memphis HOPE, is responsible for establishing cooperative relationships with other organizations, identifying funding opportunities and leveraging resources. She says the organization's goal is to "serve the whole family, by connecting adult residents with employment preparation and job training programs; connecting youth with tutoring and enrichment programs; and connecting seniors and the disabled with service programs."

The homes and apartment units in all the new developments require all residents between the ages of 19 and 62, whether they are paying a subsidized rate or market rate, to meet the following criteria:

1. They must be employed at least 30 hours per week.
2. If not employed, they must participate in educational or work-related activities

on a full-time basis.

Residents over age 62 are exempt. Residents between the ages of 19 and 62 who are disabled and not employed for 30 hours per week must perform eight hours of community service per week.

3. Residents must be in good standing in their current housing.

Residents who choose not to return do so primarily because they are unable to meet one or more of the criteria. The challenges faced by residents who desire to return include transportation and child care issues, which have an impact on employment, and criminal histories.

- Transportation is perhaps the biggest challenge because many residents rely on public transportation. Memphis does not have a public transportation system that permits workers to travel to jobs at varying hours of the day and night.
- Applying for housing in units reserved for senior citizens presents some challenges because some senior residents are caretakers for grandchildren.
- Approval cannot be given to anyone with a felony criminal record regardless of the length of time that has expired since the crime was committed.

Lessons Learned

The scope of these development projects has given

Memphis officials the opportunity to track what works and what doesn't.

If occupancy rates are any indication, the two earliest Hope VI projects, College Park and Uptown, are a success. College Park is 100 percent occupied, and Uptown is close to 100 percent occupied.

Quality construction work and location also have been cited as key factors to a successful mixed-income community. The Memphis projects are located in downtown and midtown near the medical district and entertainment areas.

It is evident that the four developments in Memphis all share a common bond: a strong public/private partnership. The city of Memphis and the Memphis Housing Authority are involved in all of the developments. The private component, the developer and volunteer community support may differ.

Funding for the projects was one of the biggest challenges. The Hope VI grants are very competitive, and HUD initially denied Memphis' application for Legends Park and University Place.

In addition, Hope VI funds must be leveraged with public and private funds. Public funds are often promised, but if there are budget shortfalls, they may be delayed.

Funding came from multiple sources such as Fannie Mae, city and county governments and tax credit programs. Banks included Wachovia, First Tennessee and NBC (now Sun Trust).



This issue of *A Closer Look* was written by Martha Perine Beard, senior branch executive, Federal Reserve Bank of St. Louis, Memphis Branch.