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PENN IUR **SPECIAL REPORT**

Universities and Affordable Housing: Seven Case Studies

BY MEAGAN EHLENZ

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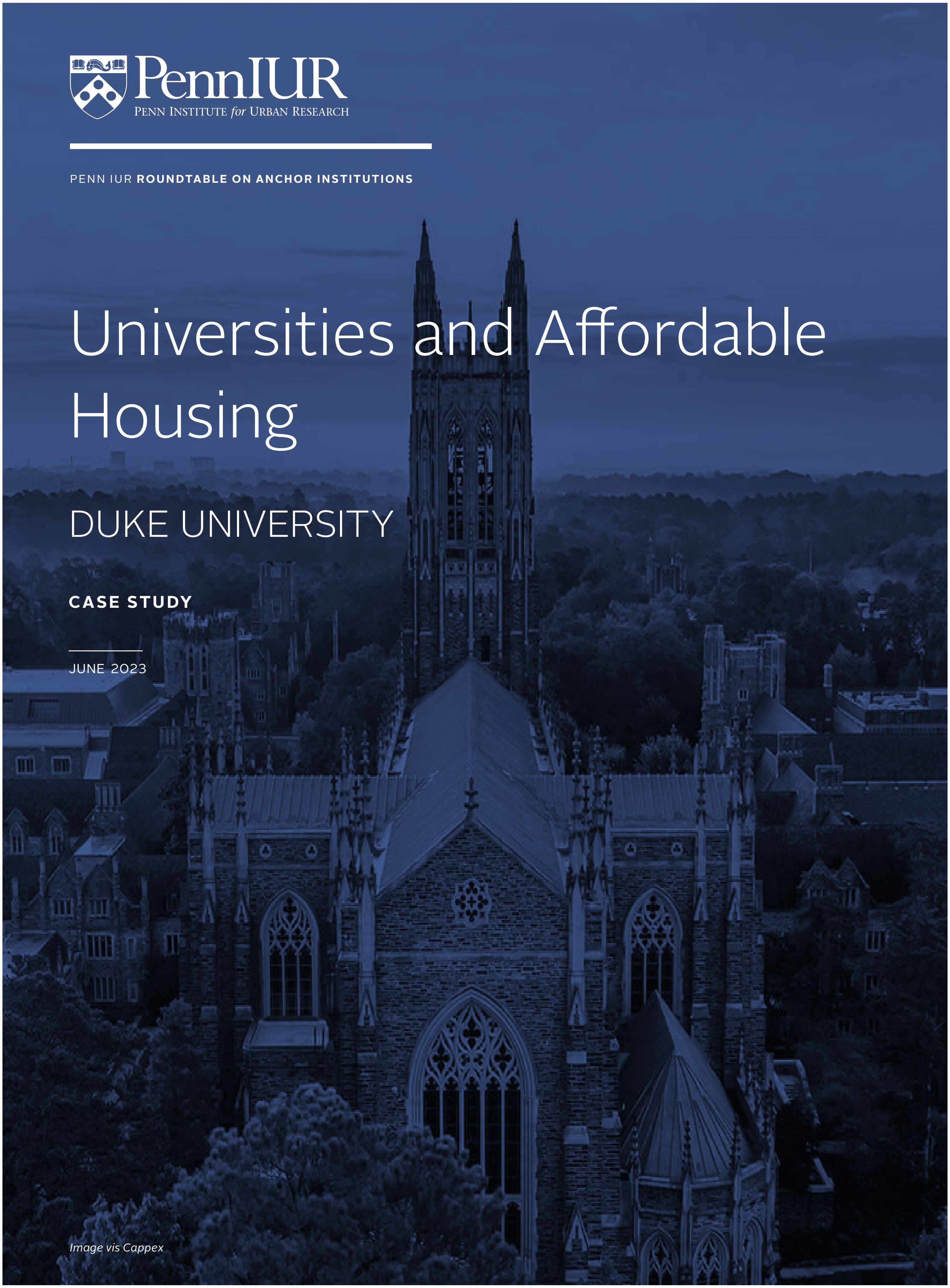
PENN IUR **ROUNDTABLE ON ANCHOR INSTITUTIONS**

Universities and Affordable Housing

DUKE UNIVERSITY

CASE STUDY

JUNE 2023



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The Model: Empowerment (and Reciprocity), Purposeful Partnership with Public Commitment, and Transformative Action

INTRODUCTION/OVERVIEW

Duke University is located across three campuses (Central, East, and West) that claim more than 8,600 acres in Durham, N.C. Established in the late 1800s, Duke's campuses were largely acquired in the early 1900s, pushing westward and negating early conflicts with Durham's urbanization to the east (Moyne 2004). As of 2021, Duke enrolls approximately 17,600 students (almost entirely on a full-time basis), including roughly 6,900 undergraduates and 10,700 graduate students (enrollments based on 2021 statistics from the Integrated Postsecondary Education Data System; Ginder, Kelly-Reid, and Mann 2018). The scale and location of its landholdings have lessened student housing demands—though not removed them entirely. The university mandates three-year on-campus residency for its undergraduate population (Duke University n.d.), resulting in approximately 80 percent of its undergraduate students living in Duke owned and/or operated housing .*

Duke's relationships with Durham neighborhoods, however, have still experienced tensions over the years. Historically, Duke's perceived ambivalence and inaction, especially towards Durham's African American population, generated ill will (Moyne 2004; Talhelm 1995a). At neighborhood meetings and in newspapers, local residents expressed suspicion about Duke's motives, as well as the sentiment that Duke did not embody unilateral opportunity—particularly for residents in low-wage Duke jobs (e.g., housekeeping, groundskeepers, and seasonal workers; Duke-Durham Neighborhood Partnership 1996; Talhelm 1995b). As Durham experienced economic decline in the 1990s (and Duke's academic stock was rising), there was a moment of recognition that Duke could not isolate itself from neighborhood decline without consequence. Alongside the appointment of the university's first woman president, Nannerl Keohane in 1993, Duke embarked on a multi-faceted anchor institution strategy that prioritized a community-led model intended to change the "story [from] look at what Duke did," to "can you imagine what's happened in Durham?" (Ehlenz 2020).

Duke's anchor model has been built upon community-defined needs rather than institutionally established priorities (Ehlenz 2020). Conceiving of institutional resources as tools for change, its strategy relies on three factors: empowerment, partnership, and evolution. Empowerment engages community leaders and community members in a bottom-up neighborhood planning process on Duke's behalf. Partnership embodies Duke's primary investment strategy, distributing Duke investments among nonprofit community organizations to mobilize local change. Evolution allows neighborhood-specific problems to dictate solutions over time, enabling Duke to invest differently within neighborhoods. And, most recently, Duke has expanded its strategy to facilitate coalition building among regional stakeholders and invest in affordable housing preservation at a larger, coordinated scale.

BACKGROUND: DUKE IN THE CONTEXT OF ITS NEIGHBORHOODS

Beginning in the mid-1990s, Duke's anchor strategies largely engaged with 12 of its surrounding neighborhoods; more recently, its efforts have expanded to 14 neighborhoods (the original 12, plus two additional communities including Bragtown, a historically Black community that sought Duke's partnership in the face of gentrification pressures and the need for advocacy support). The neighborhoods include five communities to the north-east of the Duke campuses, situated approximately north of Main Street (and the Durham Freeway) and south of I-85, and seven neighborhoods to the south-east of the campuses, roughly south of the Durham Freeway and north of Cornwallis Road (see Figure 1 for the original 12 neighborhood partners).

** Portions of this case study are excerpted from the author's published research on Duke University. The full article can be found here: Ehlenz, Meagan M. 2020. "'Can You Imagine What's Happened in Durham?': Duke University and a New University–Community Engagement Model." Journal of the American Planning Association, August, 1–17. https://doi.org/10.1080/01944363.2020.1782766.*

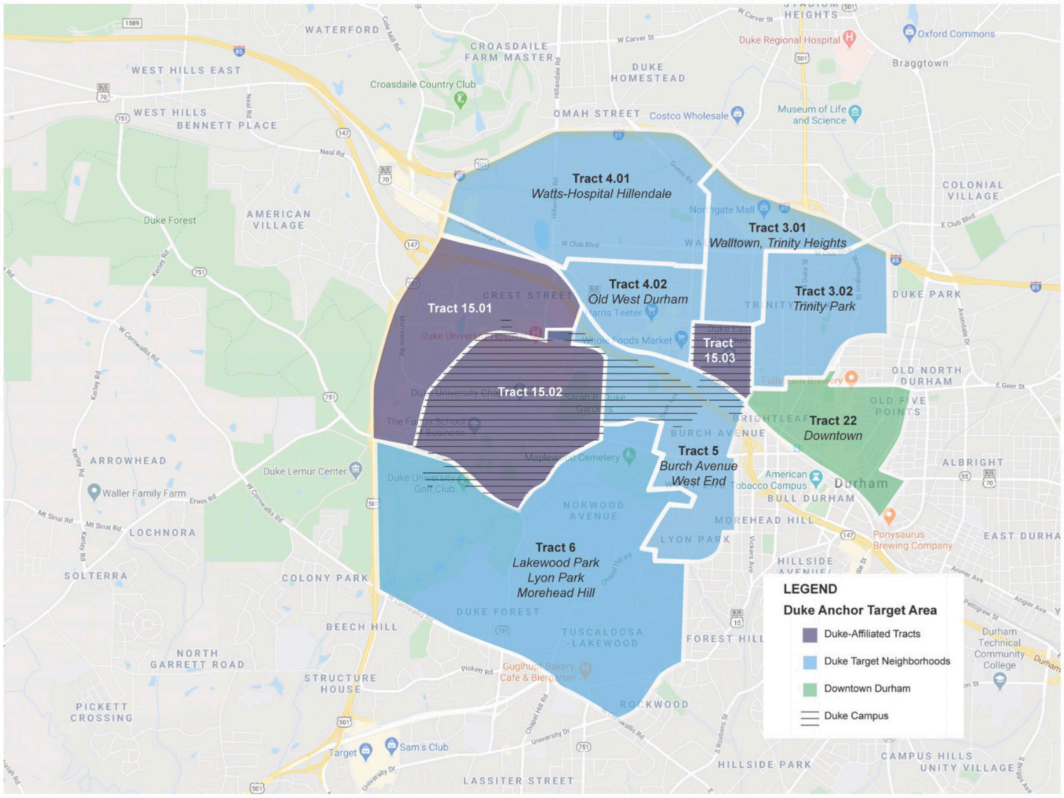

Figure 1. Duke University and the Duke-Durham Neighborhood Partnership Study Area (Ehlenz 2020)

Broadly, the target neighborhoods are varied: five can be classified as traditionally low-wealth neighborhoods with higher poverty rates, lower median household incomes, lower median home values, and higher rentership rates; meanwhile, the remaining seven are categorized as traditionally middle-to-high-income neighborhoods, inclusive of higher homeownership levels and median home values (see Tables 3, 4, and 5, Ehlenz 2020).

Given the diversity of neighborhood conditions and perspectives (and long-standing town-gown tensions), Duke's anchor strategy began with an explicit commitment to community engagement designed to understand the challenges and opportunities. Before Keohane's tenure, the perception was that Duke was "so wrapped up in its own affairs that the city on the other side of the East Campus wall was little more than an afterthought" (The Herald-Sun 1995). In contrast, Keohane set a distinct tone for Duke's anchor model: collaboration would come to mean not only engaging Duke's own ranks, but also the community itself.

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING: PARTNERSHIPS AND STRATEGIES TO GROW OPPORTUNITIES FOR DUKE-AFFILIATED HOUSEHOLDS

The foundation of Duke's anchor institution strategies began with deep community building and trust. Prior to any institutional strategy development, Duke invested in deep community outreach that enabled residents to set their own priorities and identify needs. At the center of this work was an effort to invite residents to the table by establishing a consensus-building process that would put community priorities at the forefront.

Duke initiated a series of neighborhood meetings, intended to generate priorities for Duke to carry forward within an anchor strategy (Ehlenz 2020). Owing to its standoffish reputation, however, Duke administrators

Table 1. Summary of neighborhood-identified priorities from DDNP community meetings (circa 1996).

		Neighborhood issues								
Neighborhood	**Tract**	**Communication**	**Housing**	**Economic development**	**Crime**	**Volunteers**	**Traffic**	**Student decorum**	**Health**	**Youth**
Traditionally LI neighborhoods										
Crest Street	15.01–2									
Walltown	3.01									
Burch Avenue	5									
West End	5									
Lyon Park	6									
Traditionally MI or HI neighborhoods										
Watts Hospital–Hillendale	4.01									
Trinity Heights	3.01									
Trinity Park	3.02									
Morehead Hill	6									
Lakewood Park Community	6									

Notes: Two downtown neighborhoods in the study—Old West Durham and Downtown Durham—were not included in DDNP's neighborhood meetings report. DDNP = Duke–Durham Neighborhood Partnership; LI = low income; MI = middle income; HI = high income. Source: Adapted from Duke–Durham Neighborhood Partnership, 1996, 2019.

Figure 2 Summary of Neighborhood Priorities from Duke-Durham Neighborhood Partnership Meetings (see Table 1, Ehlenz 2020)

recognized the conversation could not—and should not—be Duke-led. As a first step, Duke hired two former elected officials, who, while still being outsiders, had deep community ties to lend credibility and establish trust (Dickinson 1996). Over a year, Duke's community engagement team listened to community leaders and residents, eventually generating a list of key priorities for each of the 12 neighborhoods. These priorities ranged from communication (across the board) to housing and crime, as well as concerns about traffic and student behavior (more prevalent in the affluent neighborhoods) or health and youth supports (more prevalent in lower-income neighborhoods) (see Figure 2).

Duke's community engagement process and the resulting neighborhood priority process led to the formalization of a university-community partnership at Duke: The Duke-Durham Neighborhood Partnership (DDNP) situated within Duke's Office of Durham & Community Affairs (DCA) (Duke University 2021c). DCA serves as the central hub for Duke's neighborhood-focused efforts.

To follow up on this research in the five neighborhoods of Southwest Central Durham, Duke hired a long-time neighborhood resident with organizing and facilitation experience. Using a facilitation strategy, Technologies of Participation (TOPS), hundreds of residents, local business owners, and nonprofit leaders decided to work together forming the Quality of Life Project (QOL). An arduous two years of meetings surfaced four primary areas of work: Affordable Housing, Economic Development, Nonprofit Sustainability, and Celebrations & Traditions. QOL leadership then collaborated with Duke to develop strategies aimed at the changes they sought.

DDNP staff worked with the remaining neighborhoods to distill their concerns into four thematic objectives: (1) academic enrichment and youth achievement, including partnerships with Durham schools; (2) neighborhood stabilization, including safety, housing, amenities, and neighborhood engagement; (3) strengthened partnerships, including efforts to develop, support, and improve communication with community partners; and (4) university engagement, including programs to engage Duke students and faculty in Durham (Center for Assessment and Policy Development and Marga Incorporated 2006).

Highlights of Duke's Anchor Strategy: Housing Partnerships

1993 to 2019

1993 President Keohane joins Duke University

1994 Duke contributes ***$2M*** loan to Self-Help, targeting homeownership in Walltown (tract 3.01)

1996 Ogburn and Bell begin year-long community engagement process, resulting in neighborhood priority matrix (see Table 2).

Duke-Durham Neighborhood Partnership is formalized.

1998 Trinity Heights (tract 3.01): ***50 homes*** sold at market rate to Duke faculty and staff adjacent to East Campus (1998-2002).

2001 Duke and partners renovate ***140 units of affordable housing*** with the Quality of Life project, a neighborhood improvement coalition of six West End neighborhoods.

2004 Duke doubles loan commitment to Self-Help, increasing affordable loan funds to ***$4M***.

2006 Duke makes first deposit at the Latino Community Credit Union (***$400K***) with 5-year commitment of ***$5M*** for Durham mortgages.

2008 Southside Revitalization Project: With Duke support, Self-Help acquires ***105 properties*** redeveloped by the City of Durham, Durham Community Land Trustees, and Habitat for Humanity.

Trinity Park (tract 3.01): Duke purchases ***12 former student rental units*** and reconverts them into single-family homes.

2010 Maplewood Square Apartments (tract 5): Duke contributes ***$500K*** to a partnership in support of an affordable senior housing complex.

2011 Duke doubles loan commitment to Self-Help, increasing affordable loan funds to ***$8M***.

Duke increases contribution to Habitat for Humanity Campus Chapter, allowing for one additional house per year. Students and alumni raise additional ***$400K*** in match funds.

2013 Duke Homebuyers Club, in partnership with Reinvestment Partners, begins offering financial literacy and homebuying resources to Duke-affiliated first-time homebuyers.

2016 After six years of preservation work by DDNP staff, the Pauli Murray House is named a National Historic Landmark.

2017 Duke partners in East Durham to build ***50 affordable housing units***, ***4 Habitat for Humanity homes***, and economic development projects, resulting in ***$25M*** in private investment.

2018 Duke invests ***$5K*** in a Repair Fund available to Habitat for Humanity and Durham Community Land Trustees homeowners.

Duke increases loan commitment to Self-Help to ***$10M***.

Duke increases deposits into Latino Community Credit Union to ***$6M***.

Willard Street Apartments (tract 22): Duke donates ***$2.5M*** to DHIC and Self-Help for ***82 affordable housing units*** near Durham's bus depot (to be completed in 2020).

2019 Duke contributes ***$3M*** toward the Durham Affordable Housing Loan Fund for developers in partnership with Sun Trust, NCCDI, Self-Help, and the City of Durham.

Summary: 1993-2019
- 400+ units of affordable housing (plus units produced by partnering organizations)
- $22M+ of loan commitments, deposits, and/or investments in affordable housing projects

Figure 3. Highlights of Duke's Anchor Strategy: Housing Partnerships (see Figure 2, Ehlenz 2020)

TWO APPROACHES TO HOUSING AND NEIGHBORHOOD REVITALIZATION IN DURHAM

APPROACH 1: TARGETING NEIGHBORHOOD PRIORITIES AND INVESTING IN PARTNERSHIPS

The core of DDNP's model has rested on community partnerships and neighborhood revitalization investments. Early on, QOL and DDNP earmarked affordable housing as a priority, recognizing it as a win-win-win: responding to community priorities, generating wealth for low-income households, and fostering homeownership to combat crime and disinvestment. Duke's housing initiatives have spanned loan funds, housing production, personal finances, and partnerships. This multi-faceted approach is unique among university anchor models. Figure 3 enumerates Duke's neighborhood revitalization investments, with an emphasis on housing, between 1993 and 2019.

Monetarily, Duke committed more than $22 million to further affordable housing and homeownership opportunities in Durham between 1994 and 2019. The majority of Duke's outlays have taken the form of revolving loan funds or deposits with nonprofit financial intermediaries. Since the 1990s, this partnership has resulted in a multitude of investments across Durham (including the projects summarized throughout this case study). For instance, Durham's Walltown neighborhood was the first large-scale affordable housing endeavor to grow from Duke's partnership with Self-Help; Duke's financial investment helped support the development of 80 homes for first-time homebuyers. In another example, Duke's investment has also supported the Self-Help Land Bank, which holds several scatter site parcels in South West Central Durham and Southside for future development. Rather than a one-time allocation, this strategy has provided an ongoing resource to nonprofit partners, advancing an array of projects from affordable housing development to mortgages.

Self-Help, a local credit union and CDC with an empowerment-driven mission was initially engaged with the QOL Project and became a long-time DDNP partner (Office of Durham & Community Affairs 2008; Self Help 2008). As Duke's loan commitment has grown from $2 to $10 million, Self-Help has established a land bank, acquired property identified in South West Central Durham by the QOL Allocations Committee for affordable housing development, and funded other nonprofit developers to meet community housing needs. In this example, residents with on-the-ground knowledge, were in the development drivers' seat, ensuring that the overall strategies aligned closely with neighborhood needs and their visions for the future. QOL went so far as to develop, with the assistance of students from NC State's School of Design, a set of design guidelines so that infill affordable housing would neatly knit into the fabric of the neighborhoods. DDNP has also contributed $500,000 to a housing repair fund managed by Habitat for Humanity of Durham and Durham Community Land Trustees.

More recently, Duke helped convene a working group around affordable housing that led to the creation of a city-wide loan fund. The fund launched in 2019 with an initial capitalization of $10 million and a goal to reach $15 to 20 million. The Durham Affordable Housing Loan Fund is managed by Self-Help and funded by a coalition of government agencies and allied affordable housing partners, including Duke ($3 million commitment) ("Durham Affordable Housing Loan Fund" n.d.). The fund provides acquisition loans and lines of credit, ranging from $200,000 to $2.5 million, to nonprofit developers or housing authorities for the purpose of acquiring, developing, and/or preserving affordable housing (single or multi-family projects) within the City of Durham. In 2020, Duke helped convene the Affordable Housing Strategy Task Force (now the Affordable Housing Network) as another avenue for establishing broad, community-centered priorities around affordable housing within the Durham region (Duke University 2022). The Network is complemented by an emerging Affordable Housing Council that seeks to leverage affordable housing expertise and assets to increase inventories and access within the city ("Affordable Housing Council" 2022). These recent investments illustrate Duke's efforts to broaden its partnerships and formalize a collaborative conversation around affordable housing in Durham.

DDNP's initiatives and partnerships with Self-Help, the Quality of Life Project, Habitat for Humanity of Durham, Durham Community Land Trustees, and the City of Durham have helped support the creation of more than 400 affordable housing units. As part of a community-led, consensus-centered process, Duke has taken a support role that enables community partners to pursue their missions. For instance, through the QOL Project, Duke has been a supporter of ongoing community-led efforts to invest in housing, economic development, non-profit support, and preservation of community history and storytelling. The Project's work is not dictated by the institution, but rather leads the conversation and establishes the priorities for its neighborhoods.

As a housing-focused community organization said, "doing [affordable housing] is another issue... [we] had expertise the university could not obtain, so that precipitated the relationship" (Ehlenz 2020). The interviewee added, "this partnership work[s]... because of its [focus on] mission. We still include the community... listening to issues and needs... [T]hat has been the glue—other than money—that keeps [our] relationship [with Duke] bonded." To this end, Duke has often been a participant—though not the sole or lead actor—in the generation and protection of affordable housing in Durham's neighborhoods. In recent years, Duke's partnerships have expanded beyond target neighborhoods to support affordable multi-family housing projects in central locations, including the Southside neighborhood and downtown (The Herald-Sun 2012; Baumgartner Vaughn 2019; Johnson 2019).

APPROACH 2: TARGETING AFFORDABLE HOUSING AS A DUKE-EMPLOYEE OPPORTUNITY

Within its own institutional context, Duke has also identified strategies that align with neighborhood revitalization priorities. For instance, one initiative matches Duke's employee-directed giving campaign to its anchor model through the **"Doing Good in the Neighborhood" program** (Duke University 2021b). Launched in 2008, the program enables Duke employees to send their charitable contributions to local issues, including several directly aligned with DDNP and neighborhood-identified priorities (The Herald-Sun 2008). The program supports an array of community-focused initiatives, including community well-being, education, and housing and neighborhoods; during the 2021-2022 campaign, the fund collected $439,000. For housing and neighborhoods, DDNP collaborates with its 14 neighborhood partners to identify specific priorities; in 2022, the fund invested nearly $21,000 into these neighborhood-selected initiatives spanning community arts to social justice and equity projects.

The second initiative, the **Duke Homebuyer Club (HBC)**, responds to challenges for Duke's low-wage employees as they pursue affordable homeownership within Durham's neighborhoods (Duke University 2021a). Established in 2013, HBC was created to address the homeownership challenges facing Duke's lower-wage employees. It grew out of a failed $10,000 forgivable loan program Duke had created as part of a Southside neighborhood revitalization project (Gronberg 2013). Despite a large pool of interested employees, Duke administrators discovered "...that about 80 percent were really credit challenged" and could not qualify for homeownership at all—subsidy or not (Ehlenz 2020). DCA created HBC as a response, offering Duke employees "more time and more guidance and more support to [achieve] a credit worthy, stable financial situation" that would qualify them for first-time homeownership in Durham. DDNP staffs HBC, alongside several partners, including lending institutions, community development organizations, and the City of Durham. Since fall 2013, the program has supported 67 homebuyers in purchasing homes, provided more than 3,000 hours of homebuyer education to participants, and awarded more than 300 homebuyer education certificates (Duke University 2021a).

DUKE AND DURHAM'S AFFORDABLE HOUSING CHALLENGE: PROGRESS & NEXT STEPS

Looking ahead, Duke, DDNP, and their many community partners recognize emergent opportunities to respond to new pressures and advocate for issues that impact Durham residents more broadly. This work is an extension of community-identified priorities that have shaped Duke's anchor model over the past 25 years.

Since Duke began participating in community-led efforts to stabilize Durham neighborhoods, the city's context has shifted substantially (Ehlenz 2020). Whereas Duke was once part of an effort to help Durham recover from economic decline, the city has since experienced significant economic, population, and job growth that has made gentrification and tight housing markets a priority (e.g., Johnson 2019; Eanes 2018; Tan-Delli Cicchi 2017; White 2016). Within that context, the community priorities for Duke's anchor work have also shifted. Within many areas of Durham, communities are no longer focused on sowing revitalization or partnering with Duke (and other anchors) to stimulate private development; instead, neighborhoods are grappling with filling affordable housing shortfalls amidst an influx of new dollars, energy, and Durhamites.

Duke has adjusted its anchor strategy with Durham partners in targeted ways. First, Duke has continued to define its anchor strategy through partnerships. Affordable housing has become a predominant concern and Duke has worked to expand its network, partnering with additional affordable housing developers and community-focused lenders. Duke's strategy has continued to be led by purposeful community partnerships, shifting the focus even more towards coalition building that can generate measurable impacts that address community priorities. Relatedly, Duke launched a new strategic community impact plan in 2021, intended to establish its guiding priorities for DCA and its commitment to purposeful partnerships including community, housing, education, employment, and health (Duke Office of Durham & Community Affairs 2021). The plan provides a platform for Duke to demonstrate its commitments, as well as measure impacts and maintain accountable partnerships into the future. Under the banner of housing, Duke's ongoing strategic efforts include: ongoing collaboration with affordable housing partners; homeownership assistance programs that enable residents to remain in their communities; homebuyer education programs to support resident homeownership goals; implementation of the Neighborhood Identified Action Plan via partnerships between DDNP and local communities; establishing partnerships to develop transitional and supportive housing opportunities; partnering with city and county agencies to improve multi-modal transportation access and technology resources within lower-wealth neighborhoods; and working with community members to create and maintain an archive of historical and cultural neighborhood resources (Duke Office of Durham & Community Affairs 2021).

Duke has also continued to approach its investments via a flexible strategy that enables priorities to evolve as needed within the community. Under this approach, Duke continues to direct a substantial share of its anchor investments towards strategic resources for its partners (e.g., affordable housing repair funds) and larger deposits in local credit unions to increase affordable lending opportunities. Recent investments in affordable housing partnerships include:

- The construction of the **Willard Street Apartments** in Downtown Durham, adding 82 units of affordable housing targeted towards households earning between 30 percent and 60 percent of area median income (AMI) (DHIC n.d.; US Department of Housing and Urban Development 2022b). The project came to fruition via a partnership between Duke, the City, DHIC, Self-Help, the AJ Fletcher Foundation, and others, bringing new affordable housing supply with access to the Durham Station Transportation Center and the downtown economic center. In addition, the project includes a nonprofit dental clinic. The project anticipates a second phase will offer more than 50 units of affordable senior housing (US Department of Housing and Urban Development 2022b).

Figure 4 Willard Street Apartments (DHIC n.d.)

- Duke's commitment of **$5 million in community partnerships during the COVID-19 pandemic**, including housing initiatives that provided eviction assistance and provided monetary support for housing shelters (Duke University n.d.).

- In late 2022, the Durham Housing Authority received a **$40 million Choice Neighborhoods Implementation Grant** with a focus on redeveloping two public housing properties within downtown Durham (US Department of Housing and Urban Development 2022a). Duke contributed $1 million to this partnership effort (Duke University n.d.), in addition to providing partnership to address supportive services to local residents. As existing residents relocate to accommodate the redevelopment process, Duke will provide services focused on helping families navigate enrollment issues for K-12 students who will transition into new schools and on households who require assistance accessing their healthcare providers.

Durham's market forces have precipitated a conversation for Duke and its partners about how to deal with dwindling affordable housing supplies in an expensive market. Gentrification has made it difficult to continue producing affordable housing within downtown neighborhoods. To that end, Duke's anchor priorities have changed: there is now a citywide push for affordable housing that includes a multi-partner strategy group, several new affordable housing partnerships, and investments in a land bank and affordable housing loan fund (Baumgartner Vaughn 2019). The idea is to broaden the focus to opportunity neighborhoods at risk of rising market pressures. Expanded priorities also include more conversations around rental housing and the gap between affordable supply and downtown's expanding job center. Lastly, there is an ongoing transportation discussion, as stakeholders work to maintain ties between the downtown job center and neighborhoods—especially as some employees are moving to outlying areas in search of affordable housing.

Internally, Duke's anchor model remains a priority as new waves of leadership have come to the institution. Since the model's inception, three Duke presidents have supported DDNP's mission: Keohane (1993-2004), Richard Broadhead (2004-2017), and, most recently, Vincent Price, who arrived following his tenure at the University of Pennsylvania—another early adopter of an anchor institution model to neighborhood revitalization (Rodin 2005). As Duke, DCA, and DDNP consider the next generation of university-community partnerships, the office reports three criteria to guide their work: alignment with Duke University and, more recently, Duke University Health System's missions; connection to "quality of life in the community;" and—in line with the earliest iterations of Duke's anchor model—representative of key priorities, as identified by the Durham community (Mock 2020).

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PENN IUR ROUNDTABLE ON ANCHOR INSTITUTIONS

Universities and Affordable Housing

HARVARD UNIVERSITY

CASE STUDY

JUNE 2023

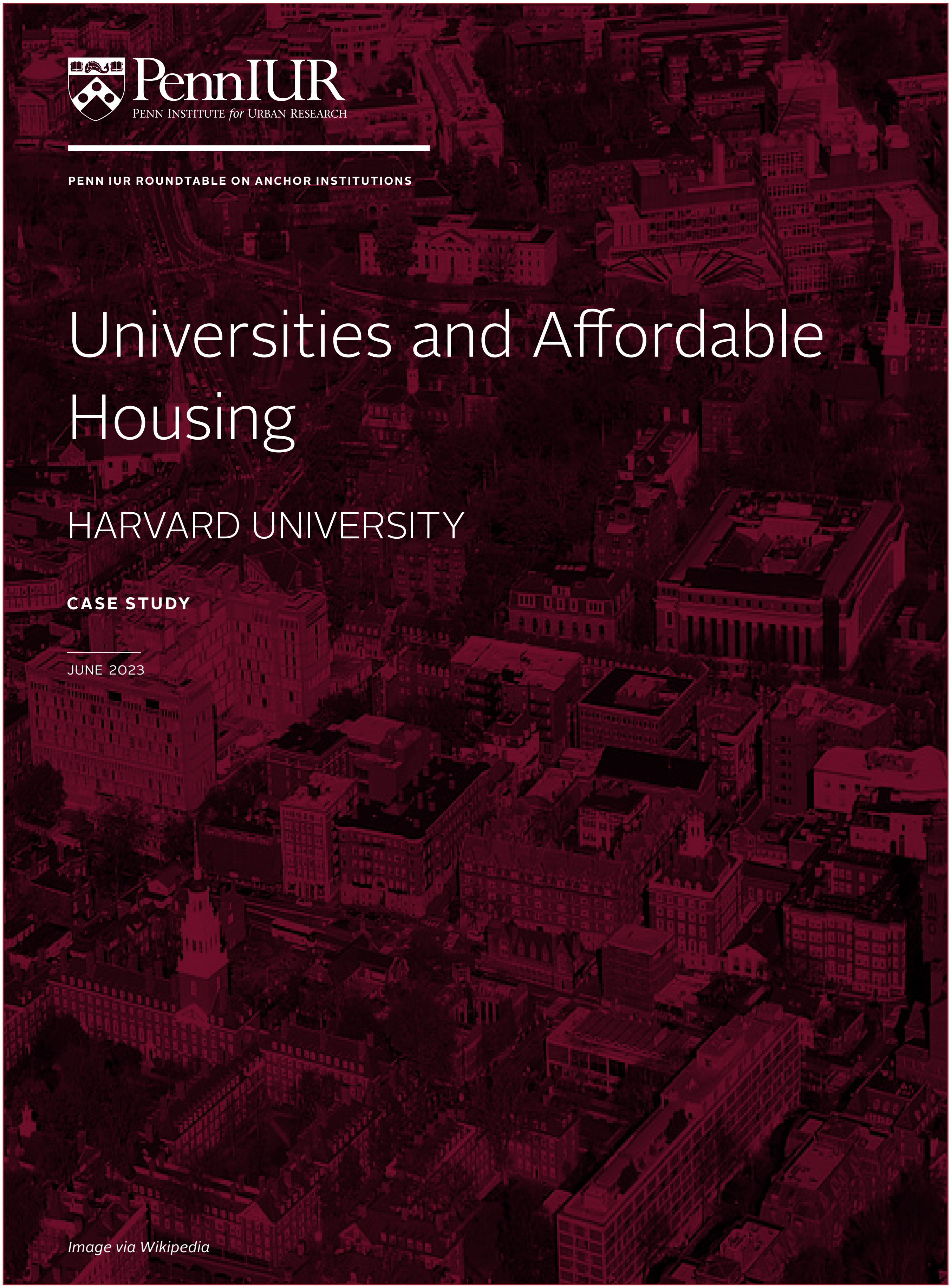


Image via Wikipedia

The Model: Multi-Faceted University Approach to Housing via Student Mitigation, Partnerships, and Community Benefits

INTRODUCTION/OVERVIEW

Harvard is located in Boston's diverse higher education ecosystem, with campus footprints on either side of the Charles River in Cambridge, Mass., and in Boston. Established as the first college in the American colonies in the mid-1600s, the university has grown substantially with respect to its population and campus holdings (Harvard University n.d.). Harvard's enrollment includes more than 31,300 students (approximately 21,100 full-time and 10,200 part-time), including nearly 22,000 graduate students and 9,600 undergraduates (enrollments based on 2021 statistics from the Integrated Postsecondary Education Data System; Ginder, Kelly-Reid, and Mann 2018). Its campus spans roughly 5,000 acres with three primary campuses: a central campus in Cambridge, a medical campus in Boston's Longwood neighborhood, and its Allston campus, which includes the Business School, a new Science and Engineering complex, and athletic facilities (Harvard University n.d.).

Combined with Boston's long-standing housing pressures and competing student-driven housing demands from the region's many educational institutions, Harvard has a long history of engagement in the Allston neighborhoods, which has at times been contentious. This case study primarily examines Harvard's impacts and investments within Boston's Allston-Brighton neighborhood, where tension dates back to Harvard's history of quiet land acquisition via a third party in the late 1980s and 1990s (Bajwa, Goldstein, and Kingdollar 2022). Whereas the university characterized the land acquisitions as "fiscally prudent" at the time, they ignited a long-standing sense of distrust between the community and its university neighbor. Today, Harvard is the largest landholder in Allston, owning approximately one-third of the area, and has prioritized substantial investments in campus-centered uses, alongside community-centered benefits in partnership with the City of Boston and other community organizations.

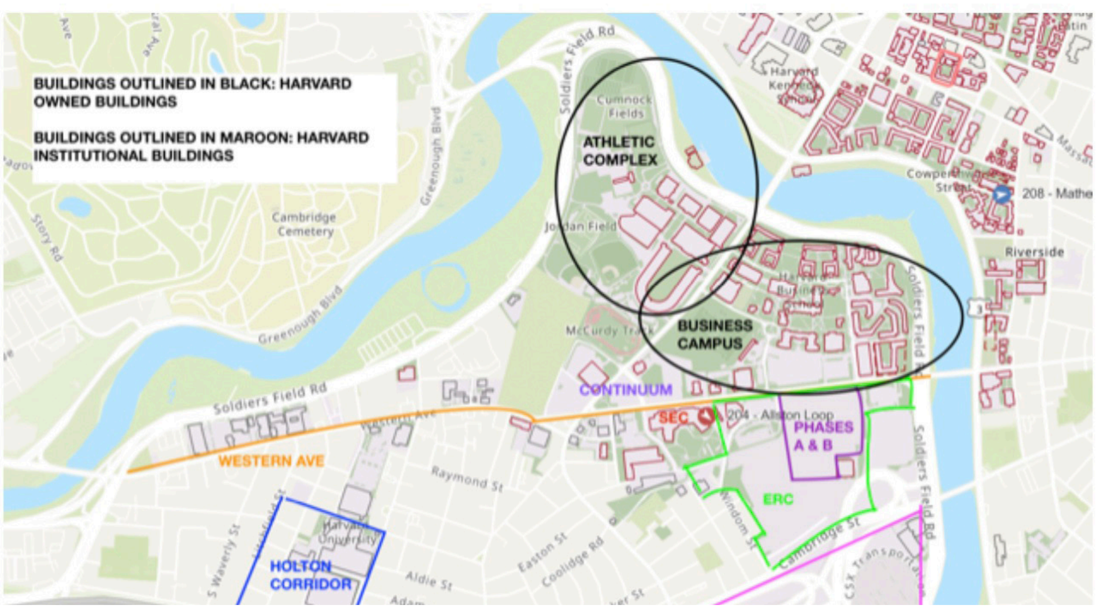


Figure 1. Harvard's campus within the Allston neighborhood (Isselbacher 2021)

BACKGROUND: HARVARD IN ALLSTON

Harvard's Boston campus includes a significant share of the Allston neighborhood, bounded by the Charles River to the north and the Massachusetts Turnpike (I-90) to the south (see Figure 1). Harvard owns approximately 360 acres of land in Allston, including 170 acres of developable properties that extend to campus facilities as well as non-institutional residential, commercial, and open space uses (City of Boston City Council 2022). Historically, the area was primarily composed of stockyards and rail yards. As a result, a substantial share of Harvard's land consists of vacant, former industrial parcels that both require environmental remediation and offer the opportunity for redevelopment into productive uses without displacement.

Given recent tension with the neighborhood, Harvard has prioritized transparency and collaboration in its anchor institution strategies (in Boston, as well as within its other communities and the region). This includes active engagement via formal channels with municipal partners, as well as community-level partnerships as an embedded neighborhood stakeholder. Even as Allston is experiencing rapid growth and housing pressures within the private market, Harvard is attempting to leverage its land and financial resources to help mitigate these localized stressors via the preservation and creation of affordable housing (among other investments).

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING: HARVARD'S MULTI-FACETED APPROACH TO HOUSING VIA STUDENT MITIGATION, PARTNERSHIPS, AND COMMUNITY BENEFITS

Harvard has adopted two broad strategies to engage with the context of Boston's tight housing markets, while mitigating the impact of its own contributions towards housing demand. While these two strategies are inherently connected, they also reflect different approaches towards Harvard's role as an anchor institution and its allocation of resources. This case study begins with an overview of internally focused mitigation strategies, followed by a summary of community-facing engagement.

TWO BROAD APPROACHES TO HOUSING IN ALLSTON (AND BEYOND)

APPROACH 1: PRIORITIZING STUDENT HOUSING CAPACITY AT HARVARD

As a cornerstone of its housing strategy, Harvard strives to minimize the market impacts from its student-generated housing demand. Harvard provides housing for 98 percent of its undergraduates in on-campus buildings, coupled with a clear expectation (and four-year guarantee) that students will live within one of 12 college houses situated along the north side of the Charles River in Cambridge, Mass. (Harvard University n.d.; 2021b).

For graduate students, Harvard owns and operates approximately 6,500 beds located within Cambridge, Boston, and Somerville (Harvard University 2021b), providing sufficient supply to satisfy approximately one-third of existing graduate housing need. These beds are primarily operated by Harvard University Housing (approximately two-thirds of the supply), while graduate and professional schools manage the remaining third. In addition, Harvard has also established real estate partnerships with third-party partners to generate hundreds of market-rate rental units and support housing demand—for graduate students, as well as non-Harvard households. Harvard sees an opportunity to continue expanding its graduate housing capacity as a means of alleviating local neighborhood pressures; the university aims to generate enough capacity to house 50 percent of its graduate student population. In the 2000s, it established the Graduate Student Housing Initiative that added 1,000 graduate student beds across Cambridge and Boston (Harvard University 2021b). Presently, the university is pursuing additional Harvard-affiliated housing production in Allston, including a project at

100 S. Campus Drive (currently undergoing permitting with the City of Boston) targeted towards Harvard graduate students, faculty, and staff. In addition, Harvard University Housing utilizes several strategies to manage graduate student housing needs, including the implementation of leasing practices that help facilitate apartment sharing arrangements and maximize the efficient allocation of its existing housing stock.

APPROACH 2: HARVARD'S ANCHOR ROLE WITHIN THE NEIGHBORHOOD, CITY, AND REGION

City-University Investments

Harvard is situated within one of the densest concentrations of higher education institutions within the U.S. The sheer number of institutions within the Boston region has led to a more sophisticated approach to university/city relationships than might be found elsewhere, including established precedents for payments-in-lieu-of taxes (PILOT) arrangements and other formalized agreements tied to institutional master plans (IMP). These conversations inform the context for Harvard's role as an anchor institution internally, as well as the ways it engages with its neighborhood and local government partners via an Eds and Meds relationship.

In its Boston-based context, Harvard's community-focused investments fall into four broad categories that encompass its direct partnerships with local government, as well as the strategic housing investments Harvard elects to pursue within the community. The four city-coordinated strategies include:

1. The City of Boston maintains a **"payment-in-lieu-of-taxes" (PILOT)** program for many of its anchor institutions, including higher education, medical, and cultural institutions (City of Boston 2022b). The program is voluntary, though anchor contributions are also made publicly available and, thus, there is some degree of public pressure to participate. PILOT programs are intended to provide a pathway for institutions to offset the tax liabilities they would have paid for their properties were it not for their tax-exempt status. In other words, PILOT programs offer a way for nonprofit institutions and other tax-exempt property owners to offset the amount a local government would have collected in tax revenue absent the tax exemptions. Boston's PILOT program applies to educational, medical, and cultural institutions with property valued above $15 million (City of Boston 2022b). The City requests a payment to supplement exempted tax contributions, although institutions are eligible to reduce their PILOT contributions by up to 50 percent via community benefit agreements. In 2022, the City reported PILOT contributions from 21 educational institutions amounting to $30.8 million in community benefit credits and $14.8 million in cash contributions, representing 71 percent of the requested PILOT amount based on property valuation (City of Boston 2022a). Harvard's Boston-based property valuation was $1.5 billion with the City requesting $13.7 million in PILOT contributions; per the City's 2022 reporting, they received $6.8 million in community benefits credits and $3.9 million in cash contributions from Harvard—equal to 79 percent of the City's requested amount. Harvard makes similar contributions to Boston on an annual basis and maintains PILOT agreements with its other municipal partners, including Cambridge, Mass.(Harvard University 2013).
In addition to the institutional land areas which are subject to PILOT, the University also has significant additional property in Allston that is taxed at the commercial rate.

2. Harvard maintains a series of **cooperation agreements** with the City of Boston, which include formal community benefit agreements (CBA) derived from the university's IMP and other regulatory/project development applications. These agreements are informed by Community Needs Assessments, which Harvard funds and are led by the City to establish existing conditions and community-informed needs. As Harvard submits development projects to the City for review, it also negotiates targeted CBAs that address a range of community-centered interests via a legally binding process. The CBAs commonly include a diverse benefit package that may include public amenities or contributions to physical development projects (e.g., housing, community centers), as well as capacity-building programs (e.g., educational resources, workforce development, public health supports). For example, as Harvard sought City of Boston

approval for its 2013 IMP, it also submitted a proposal for a 10-year, $38 million CBA with benefits accruing to impacted Allston residents (Rocheleau 2013; Harvard University 2022); subsequently Harvard amended the proposal to incorporate an additional $5 million in benefits, totaling $43 million (Barber Grossi 2013). The proposal included $10 million directed towards a community hub for education, wellness, and capacity-building, now known as the Harvard Ed Portal ("Harvard Ed Portal" n.d.), $5 million dedicated towards new housing and homeownership investments, a community-directed fund for public realm improvements, a multi-million dollar contribution towards streetscape, connectivity, and open space improvements, and financial resources earmarked for education, workforce development and other neighborhood improvement projects (Rocheleau 2013; Barber Grossi 2013). In addition, Harvard has allocated funds as part of CBAs targeted towards housing trust funds and housing creation and/or preservation funds led by community partners (more details provided below). As of 2022, Harvard's Allston-based CBAs encompass five active cooperation agreements, which include annual reporting on progress and expenditures (Harvard University 2022).

3. The City of Boston's development policies include the **Development Impact Project Extractions** policy, otherwise referred to as the "linkage" policy, that requires large-scale development projects to make monetary contributions, on a per-square-foot basis, towards affordable housing (via the Neighborhood Housing Trust) and workforce development (via the Neighborhood Jobs Trust) (City of Boston n.d.; Harvard University 2013). As of 2022, Harvard reported contributions of $5.9 million, spread across its five active cooperation agreements, towards housing linkage funds within the City of Boston (Harvard University 2022).

4. As part of its standard development processes—and, in the case of its Allston-based work, in conjunction with City of Boston requirements—Harvard directs resources towards **project mitigation** for all major projects (Harvard University n.d.). These contributions are planned as part of Harvard's work with the Boston Planning & Development Agency and may include monetary contributions or investments to ensure minimal negative impacts on traffic circulation (e.g. "Allston Development Monthly Update" n.d.).

LOCAL AND REGIONAL INITIATIVES: THE HARVARD LOCAL HOUSING COLLABORATIVE

Perhaps one of Harvard's largest impacts on affordable housing is embodied by its partnership with three local nonprofit community development lenders to establish a revolving loan fund to create and preserve affordable housing throughout the Boston-Cambridge region. Launched in 2000 as the 20/20/2000 Initiative—and renewed (and rebranded) for a second 20-year period as the Harvard Local Housing Collaborative in 2020, this program helped leverage over $1.3 billion in housing development across more than 180 projects in the region between 2000 and 2020 ("Harvard Local Housing Collaborative" n.d.).

At its inception, the 20/20/2000 Initiative established a $20 million revolving loan fund that would support affordable housing and community development projects within the Boston area over a 20-year time horizon (US Department of Housing and Urban Development n.d.). The fund was designed to provide access to capital that could leverage additional housing investment via three established affordable housing intermediaries:

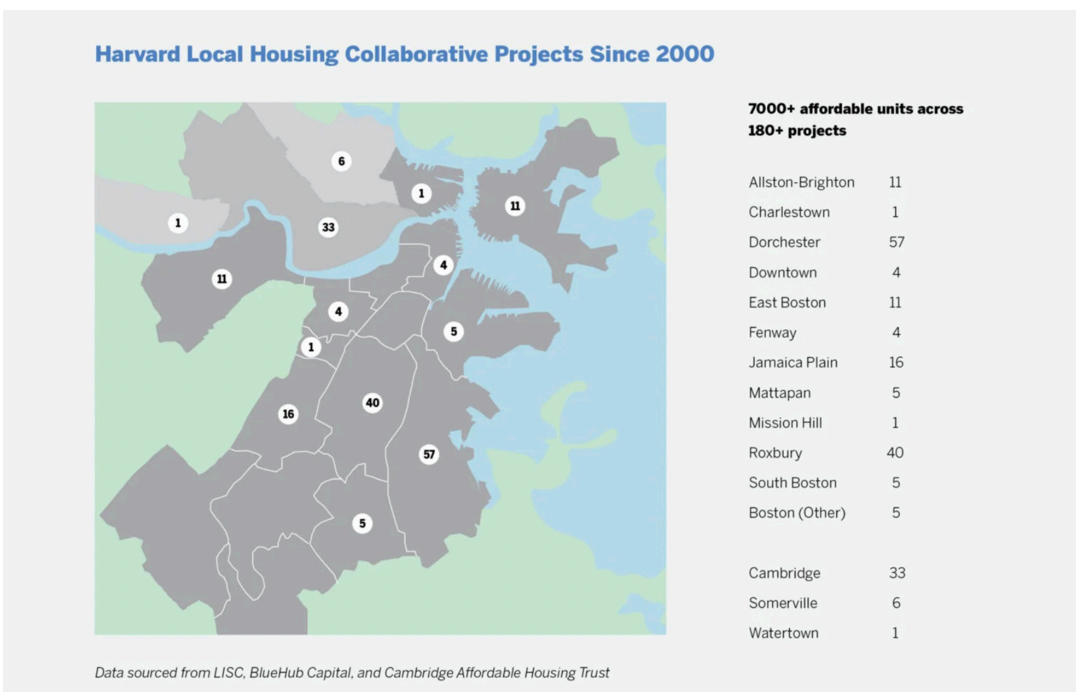
- Cambridge Affordable Housing Trust, a policy advisory board and loan committee established by the City of Cambridge in the late 1980s with the mission of preserving, creating, and advocating for affordable housing;

- BlueHub Capital, a nonprofit community development financing organization established in 1985, targeting community-focused projects and initiatives (e.g., housing, educational facilities, community health centers, food access) within economically and racially marginalized communities; and

- LISC Boston, the Boston-based hub of the national Local Initiatives Support Corporation (LISC), a community development financial institution that supports community development with a strong housing emphasis.

In each case, Harvard allocated a pool of capital to each organization ($6 million to Cambridge Affordable Housing Trust, $4 million to BlueHub Capital, and $10 million to LISC Boston) with the overarching goal of creating and preserving affordable housing across Boston (US Department of Housing and Urban Development n.d.). The housing intermediaries leverage their own expertise and project pipelines to disburse the capital and bring projects to fruition, without Harvard's direct input in project selection or implementation. Critically, Harvard's revolving loan funds do not function as a grant, but as a source of patient capital the intermediaries can deploy to enable affordable housing developers to attract additional capital and support early phases of project development, thereby increasing the likelihood a project becomes reality. As part of its financing arrangement, Harvard receives a 1.8 percent return from its partner organizations; the partner organizations lend to affordable housing developers at a below-market rate of near 4.5 percent (US Department of Housing and Urban Development n.d.). Ultimately, the fund satisfies a flexible, regional approach to affordable housing that does not attempt to constrain investments to a specific target area or project type.

During its inaugural 20-year run, Harvard's $20 million loan fund has revolved more than twice, enabling more than $40 million in Harvard financing to support affordable housing development within the region. These funds supported the creation and preservation of more than 7,000 units of affordable housing, including 5,500 units in Boston and 1,600 units in Cambridge, as well as projects in other neighboring communities (see Figure 2). The projects embody significant momentum in affordable housing: for instance, the Cambridge units are the equivalent of 25 percent of all affordable housing units created or preserved within the City of Cambridge between 2000 and 2010 (O'Rourke 2019; US Department of Housing and Urban Development n.d.). Notably, the additional affordable supply targets an array of housing projects ranging from cooperatives and apartments to senior housing, first-time homebuyer opportunities, and shelters.



Daniel Hassett-Salley/Harvard Staff

Figure 2 Harvard Local Housing Collaborative (formerly known as 20/20/2000 Initiative) Projects since 2000 (O'Rourke 2019)

In 2019, as the 20/20/2000 Initiative was set to sunset, Harvard renewed its commitment to an affordable housing revolving loan fund for a second 20-year period. While the partners and general structure remain the same, the initiative has been rebranded as the Harvard Local Housing Collaborative (O'Rourke 2019). The relaunch of funds is complemented by a new $3 million initiative by three Boston-based hospitals (including two Harvard-affiliated hospitals) to target programs that prevent displacement, eviction, and homelessness. Together, these resource allocations align to establish an eds-and-meds ecosystem for supporting regional affordable housing production and preservation.

HOUSING OUTCOMES: EXAMPLES OF AFFORDABLE HOUSING PROJECTS CONNECTED TO HARVARD INITIATIVES

Harvard's housing-based anchor strategies are varied and leverage a full complement of resources. In addition to its city-negotiated CBAs and the Harvard Local Housing Collaborative funds, the institution has strategically worked with community organizations and affordable housing developers to facilitate land swaps and address environmental conditions constraining redevelopment efforts. For example, Harvard donated a former industrial site that the Boston Planning and Development Agency (BPDA) subsequently released for proposals to create affordable homeownership opportunities in Allston (Healthy Neighborhoods Equity Fund 2021). In addition to contributing the land, Harvard paid for environmental remediation efforts to support residential redevelopment. As of 2021, the parcel now contains 20 condominium units, including 12 deed-restricted affordable units (six reserved for households earning at or below 100 percent of AMI and six set aside for households earning at or below 80 percent of AMI). These investments typically satisfy a win-win benchmark that enables Harvard to pursue its institutional goals alongside its anchor-driven mission to be a supportive stakeholder within Allston, its municipalities, and the region. The following examples highlight some of the key projects Harvard has helped facilitate in the arena of affordable housing, with an emphasis on Allston.

CHARLESVIEW APARTMENTS: A LAND-SWAP TO PRESERVE AND EXPAND AFFORDABLE HOUSING OPTIONS

In 2013, the new Charlesview Residences opened in Allston, marking a significant effort to redevelop an aging multi-family project while preserving affordability within the community (Doody 2013). The original Charlesview Apartments housed 213 units of structurally deficient housing on a parcel between Harvard Stadium and the Harvard Business School (US Department of Housing and Urban Development n.d.). Given its strategic location, Harvard and project developers, Charlesview, Inc. and The Community Builders (TCB), a nonprofit affordable housing developer, saw an opportunity for a land exchange. Harvard gained control of a campus-adjacent parcel, in exchange for a cash purchase and land swap for a vacant commercial property approximately 0.5 miles away on a walkable corridor. The cash purchase from Harvard ($72 million) helped finance the affordability of the redeveloped project, expanding its capacity for additional affordable and workforce housing units. In addition, the project navigated the "porting" of Section 8 vouchers from the original building to the redevelopment, which was critical to its overall success.

The Charlesview project has unfolded over three phases. The first phase, completed in 2013, featured the development of 240 affordable apartments—200 of which retained project-based Section 8 vouchers from the original development, a community center, 14,000 square feet of retail space, a park, and underground parking (US Department of Housing and Urban Development n.d.). The apartments included 211 units reserved for households earning less than 60 percent of area median income (AMI), 10 units for those earning at or below 80 percent AMI, and 19 market rate units. In a second phase, the developers expanded the project with 20 affordable, owner-occupied townhomes. Completed in 2015 by TCB, the townhomes included 10 units reserved for buyers at or below 80 percent of AMI and 10 units for buyers earning up to 100 percent of AMI. Lastly, the original project conceived of an 80-unit condominium project to increase overall owner-occupancy opportunities with a target of 74 market rate and six affordable units. However, the project faltered during the Great Recession and did not come to fruition. Another Boston-based developer, The Davis Companies, subsequently purchased the land and built 85 condos, including six affordable units targeted towards first-time homebuyers (New England Real Estate Journal 2017).

ALL BRIGHT HOMES: LEVERAGING HOUSING FUNDS TO PRESERVE OWNER-OCCUPANCY IN ALLSTON

Created as part of the CBA associated with Harvard's 2013 IMP, the Allston Brighton Community Development Corporation (ABCDC) has established a program that aims to preserve opportunities for owner-occupancy via deed restrictions. The All Bright Homes program's mission is to slow investor ownership, while boosting opportunities for individual homebuyers to compete in a tight housing market and preserving community stability (Allston Brighton Community Development Corporation n.d.). ABCDC targets prospective home sellers, ideally before properties go on the market via a broker, and makes a market rate offer for the home.

Figure3 Charlesview Residences (US Department of Housing and Urban Development n.d.4

For sellers, the All Bright Homes program minimizes the out-of-pocket cost of hiring a realtor and reduces the pressure of home repairs, staging, and showings. Subsequently, ABCDC lists its available properties at market rates and sells to individual homebuyers, attaching a permanent owner-occupancy deed restriction to the property to ensure it is retained as a primary residence (even upon resale). As of 2022, the All Bright Homes program has leveraged $3 million in funding from the Harvard Local Housing Collaborative in a revolving fund, which has supported the conversion of 24 homes into permanent owner-occupancy status within Allston (Harvard University 2022).

HARVARD, ALLSTON, AND HOUSING: PROGRESS & NEXT STEPS

Looking ahead, Harvard continues to pursue its affordable housing strategies via partnerships with housing intermediaries, financial commitments to enable others to pursue affordable housing throughout the community and region, and leveraging its existing land portfolio in strategic ways. A key component of Harvard's strategies to date has been that it has primarily been working with under-utilized, formerly industrial land. As a result, future developments have not spurred direct displacement of existing residential neighborhoods, but instead are converting obsolete, former industrial land into residential and other more active uses. While gentrification is a clear concern due to the realities of the Boston housing market, there are more direct opportunities to increase housing supply and establish mission-oriented protections to, for instance, create affordable housing or expand local ownership opportunities.

As of today, Harvard's decade-long planning and investments are poised to bring thousands of units online in the near future, including both Harvard-affiliated and non-affiliated housing units. For example, as the initial 1 million square foot phase of the Harvard Enterprise Research Campus (ERC) moves ahead in Allston, Harvard and the City of Boston have continued to negotiate broad community benefit agreements that incorporate affordable housing investments, as well as an emphasis on open space, jobs, and comprehensive neighborhood planning (Harvard University 2021a). The political nature of these agreements highlights the potential shifts in the scale and scope of agreements, as mayoral administrations change. As of the 2022 announcement, Phase A of the ERC will be accompanied by Harvard's commitment to ensure that 25 percent of the planned 345 residential units will be income-restricted, targeting households earning between 30 percent and 100 percent of AMI. Additionally, Harvard will commit $25 million to an Allston-Brighton Affordable Housing Fund that focuses on affordable housing, homeownership, and housing preservation supports, as well as a land donation to create affordable homeownership opportunities (65 Seattle Street). The ongoing redevelopment proposal for a long-vacant Allston property (176 Lincoln Street), offers another example (Carlock 2023). Harvard is pursuing the recently approved project in partnership with a third-party real estate partner (Berkeley Investments), after owning the parcel for more than 15 years. The development will include more than 250 new rental units, including a substantial share of units dedicated to affordable artist housing, along with nearly 1 million square feet of commercial development (including office, lab, and retail space). In addition, through commitments to the City and Allston community, Harvard has promised at least 20 percent of future residential units built in subsequent phases of the ERC will be affordable—a benchmark Harvard will also match in its future development projects in Allston's Beacon Park Yard (Chesto 2022).

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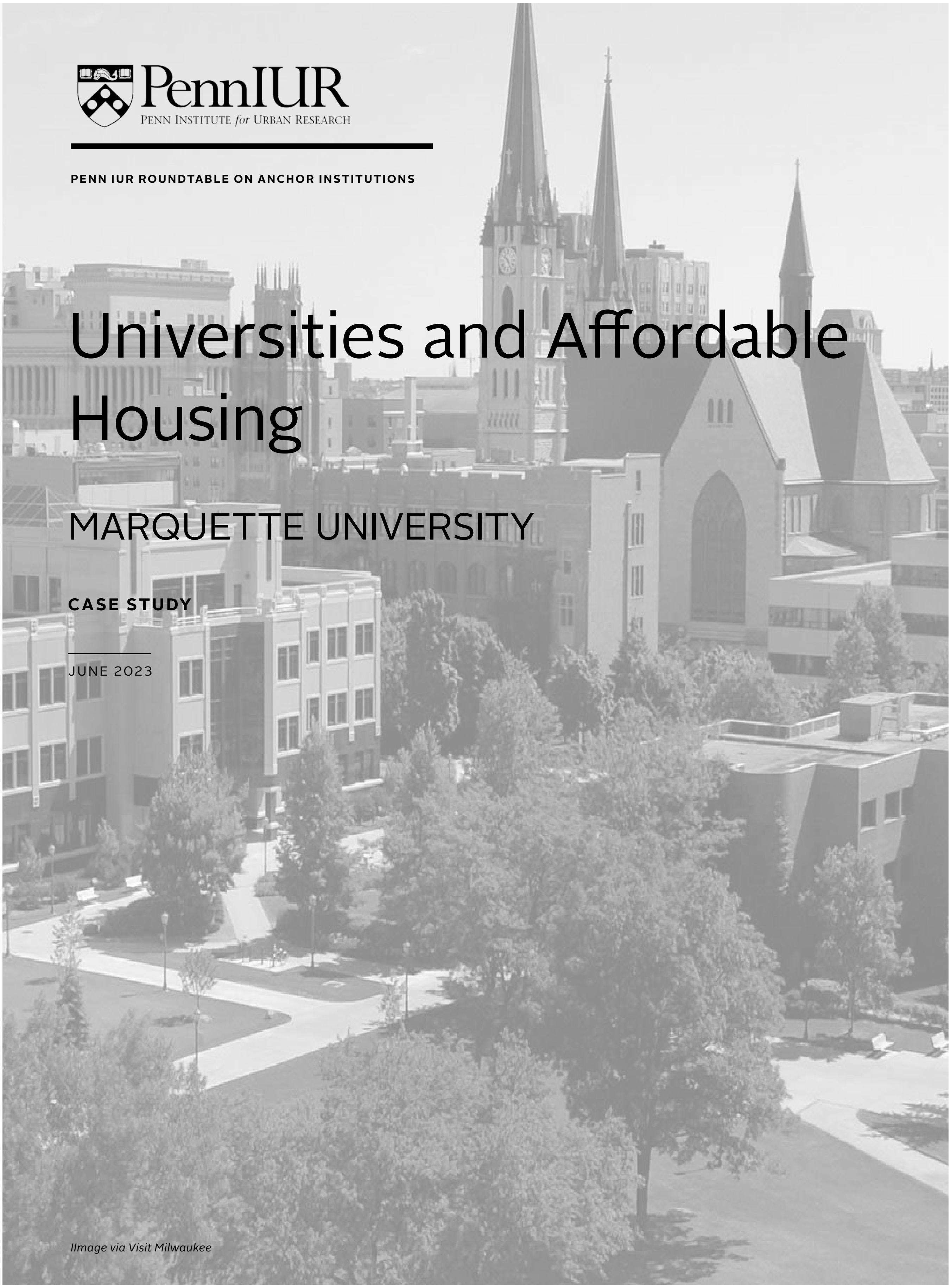

IImage via Visit Milwaukee

The Model: Two Generations of Neighborhood Revitalization via Multi-Anchor Partnerships

INTRODUCTION/OVERVIEW

Marquette University is a private, Catholic, Jesuit university founded in 1881. Located just west of downtown Milwaukee, Wisc., its campus has been a long-standing fixture of the legacy city's urban transformation—from its early urban, industrial growth to its mid-20th century decline to its recent path towards revitalization, as the historic walkable urban fabric is reconnected with legacy employers and new growth (Marquette University 2019). As of 2021, Marquette hosts nearly 11,500 students, of which 7,660 are undergraduates and 9,978 are enrolled full time (enrollments based on 2021 statistics from the Integrated Postsecondary Education Data System; Ginder, Kelly-Reid, and Mann 2018).

Marquette has faced a unique dilemma within the context of its neighborhoods. Whereas many campuses experience tensions with their neighbors due to student housing demands and pressures, Marquette has found community perceptions of students are highly positive and university-affiliated housing demand is not a systemic concern within the neighborhood. As a residential campus, Marquette requires first- and second-year undergraduates to live on campus, while many students continue to live on or near campus during their final undergraduate years. Instead, Marquette's challenges have historically stemmed from neighborhood conditions that have influenced both real and perceived safety, impacting enrollments and generating concerns over student (and broader community) safety over time. As a result, Marquette has a long history of local engagement and investing in neighborhood revitalization and community development strategies.

Since the 1990s, Marquette has invested in two major anchor institution-led initiatives, both initiated to address institutional and community concerns over safety and neighborhood improvement. Both have emphasized the built environment, though in substantially different ways, and both approaches have embodied a substantial investment of financial resources and institutional capacity to address neighborhood-wide concerns that extend far beyond the university's campus boundaries. This case study provides an overview of Marquette's first- and second-generation approaches to its role as an anchor institution within Milwaukee's Near West Side community, identifying key strategies rooted in partnership and, most recently, community-led change.

BACKGROUND: MARQUETTE UNIVERSITY WITHIN MILWAUKEE'S NEAR WEST SIDE NEIGHBORHOODS

Located immediately west of Milwaukee's downtown, Marquette University is embedded within the city's Near West Side. Composed of seven neighborhoods, the area is bounded by Highway 175 (west); Interstate 43 (east); West Vliet Street and West Highland Boulevard (north); and Interstate 94 (south) (see Figure 1). These neighborhoods include approximately 23,000 residents (roughly 4 percent of the city's total population) who are broadly representative of the city-at-large with respect to race and ethnicity (45 percent white and 39 percent Black for the Near West Side and the city) (data derived from the 2018 5-year ACS estimates, Marquette University, Near West Side Partners, Inc., and Housing Authority of the City of Milwaukee 2021).

Relative to the city as a whole, the Near West Side does claim higher poverty rates (52 percent compared to 27 percent for the city) and a distinctly different housing context. The Near West Side has approximately 11,250 housing units (representing 4 percent of Milwaukee's total housing), with a concentration in multi-family buildings—26 percent of all units are located within 21 to 50 unit buildings and another 28 percent are found within 50+ unit buildings in the Near West Side (Marquette University et. al. 2021). Relative to a citywide rental rate of 58 percent, nearly 90 percent of housing units were rented in the Near West Side. In addition, vacancy rates were substantially higher (20 percent) than the city (11 percent) with roughly half of those units reported as unlisted or unused.

Figure 1. Near West Side Boundaries: Marquette University and Near West Side Anchor Partners

Compared to many urban centers, including those contained within these case studies, housing within the Near West Side has been relatively affordable. Single-family home values range from $10,500 to $1.4 million with an average assessment of $85,121 (Marquette University et. al. 2021). Given the higher share of rentals within the neighborhoods, more than one-third of single-family homes are rentals, which is nearly double the national rate. However, housing costs must also be set relative to resident characteristics and neighborhood need. Given the higher poverty rates within the Near West Side and a median income of less than $19,000 (relative to $38,250 in Milwaukee), housing affordability remains a significant concern for the area. The Near West Side Transformation Plan identified that only 16 percent of the area's rental units offer income-restrictions through public housing developments (376 units located in two multi-family projects and five scattered single-family properties), HUD multi-family properties (approximately 300 rental units in four properties), and developments financed with Low-Income Housing Tax Credits (approximately 350 rental units within 12 multi-family projects) (Marquette University et. al. 2021).

ANCHOR STRATEGIES TO ADDRESS NEIGHBORHOOD REVITALIZATION

Given the conditions and challenges in the Near West Side, Marquette's approach to an anchor institution initiative has primarily focused on neighborhood stabilization and, most recently, support for durable community revitalization and affordable housing. Shaped by the context of existing conditions, Marquette has invested substantially in two different, but related, approaches to neighborhood revitalization since the 1990s.

TWO GENERATIONS OF MARQUETTE UNIVERSITY'S ANCHOR INSTITUTION STRATEGY

FIRST GENERATION STRATEGY: MARQUETTE UNIVERSITY AND THE CAMPUS CIRCLE INITIATIVE

Marquette launched its initial foray into anchor institution-centered work in 1991, when few universities were actively engaged in neighborhood revitalization and the concept of "enlightened self-interest" as a motivation for engaging beyond the campus walls (literal or metaphorical) was just emerging among institutional stakeholders (Benson and Harkavy 2000). Like other universities who have adopted substantial anchor institution initiatives rooted in neighborhood revitalization, Marquette's story begins with the start of a new university president: Rev. Albert DiUlio. Known as the Campus Circle Initiative, Marquette's first generation of anchor work effectively aligned with the duration of DiUlio's tenure from 1990 to 1996.

Launched in December 1991, the Campus Circle Initiative embodied a $60 million effort to combat safety and deterioration concerns within a 90-block area surrounding Marquette (Carlson 1994). The initiative emphasized residential and commercial development, including the creation of student housing, and the acquisition and rehabilitation of existing housing for the local community. Marquette led the effort as a decisive response to ongoing student safety concerns, including several attacks and murders over a recent period, and intense reputational fallout and trauma associated with the 1991 arrest of a high-profile serial killer who lived within blocks of the campus. While the City of Milwaukee was supportive and served as a partner, it was not positioned to lead a decisive neighborhood revitalization effort and Marquette did not feel as though it could wait or take a more passive stance. That said, Campus Circle was established as a partnership model that included participation from several nearby healthcare facilities and larger employers who were similarly impacted by neighborhood conditions (Carlson 1994).

Given the urgent circumstances, the initiative's timeline was rapid—within six months of the high-profile arrest, Marquette announced the launch of Campus Circle in an effort to ease parent concerns and stem a rapid decline in enrollment (particularly from those prospective applicants within circulation of Milwaukee-area news) (Carlson 1994; Bruner Foundation 1996). For context, Marquette's freshman enrollments fell by 25 percent from 1988 to 1991. The effort was led by Patrick LeSage, a former classmate of DiUlio with a background in real estate development and business (Carlson 1994).

A critical component of Campus Circle's approach involved purchasing deteriorated and/or vacant properties for renovation and/or redevelopment. In some cases, this included targeting properties with negligent property owners and/or evicting problematic tenants to address drug and crime issues. While there was some neighborhood concern about potential displacement and loss of affordable housing, the initiative committed to not raising rents on any properties it renovated, and units were not reserved for Marquette-affiliated tenants (Carlson 1994). To extend the impact of Campus Circle's work, the organization cycled its rents from acquired and renovated properties back into renovation funds. Within its first year, Campus Circle purchased 150 properties within its target area, electing to securely board up, renovate, and/or demolish each property as deemed necessary through an evaluation. While the organization provided relocation services as part of its process, it was also clear about its overall purpose: Campus Circle was a real estate model and preferred to lean on community partners to provide social service support (Bruner Foundation 1996).

Operationally, Campus Circle consisted of three organizations (Bruner Foundation 1996): Campus Neighborhood Associates, Inc (CNAI) was a 501(c)(3) corporation that held all its residential holdings; Hilltop Enterprises, Inc was responsible for any profit-making commercial property; and Neighborhood Circle was a community-facing organization intended to facilitate community outreach and function as a quasi-advisory board to the larger Campus Circle Initiative and Marquette. Marquette dedicated $9 million to the initiative at its conception, which was matched by an anonymous donor in addition to a $850,000 contribution from Ameritech, a major local employer. The remainder of the Campus Circle resources came from: $23.85 million in bond funding from the City of Milwaukee; $4.17 million in Tax Incremental Financing (TIF) loans from the City of Milwaukee; and $9.19 million in mortgages.

Over its five-year lifespan, Campus Circle produced several tangible results (Bruner Foundation 1996). From a real estate perspective, it held $50 million in real estate, including more than 150 properties and 12 businesses. As part of this portfolio, Campus Circle had developed one major project, Campus Town: a two-block, mixed use project with 88,000 square feet of ground-floor retail and three stories of student housing (153 units). The project also renovated 188 units of affordable housing within the target area, created community spaces, and, in an effort to mitigate neighborhood trauma, purchased and demolished the apartment building associated with the high-profile serial killer. Lastly, the initiative established a community-focused policing station in partnership with the City of Milwaukee's police force, which contributed to a rapid decrease in crime (approximately 34 percent across all categories within a few years).

Figure 2 Marquette University's Campus Town Development (Marquette University)

By 1996 (coupled with the transition to a new university president), Marquette began to shift away from the Campus Circle Initiative, which involved the sale of its real estate holdings to private partners (Mullins 1997). In discussions about this transition, university representatives highlighted that property ownership and management were not central to the institutional mission. Instead, Campus Circle's intent was to address safety through acquisition and repositioning of problem properties, create a more unified campus neighborhood, generate university-owned housing for upperclassmen, and support new neighborhood amenities such as grocery stores and restaurants. To this end, the initiative was successful, and Marquette was ready to pursue new priorities.

SECOND GENERATION STRATEGY: MARQUETTE UNIVERSITY AND THE NEAR WEST SIDE PARTNERSHIP

More than 20 years after Campus Circle's launch, Marquette embarked upon a second anchor institution approach—a 2.0 strategy that coincided with the appointment of former UW-Milwaukee Chancellor, Dr. Michael Lovell, as Marquette's first lay president (Marquette University et. al. 2021). Near West Side Partners (NWSP) represented a multi-anchor coalition of five major, legacy partners from Milwaukee's Near West Side, connected via a nonprofit organization. Initially, Marquette and its neighbor anchor, Harley Davidson, came together to discuss their vested interest within the neighborhood. Together, they convened additional legacy anchors (identified below), and as a collective, the coalition established the NWSP, including:

- Marquette University;
- Harley-Davidson, a motorcycle manufacturer founded (1903) and headquartered in Milwaukee's Near West Side;
- Molson Coors (formerly known as Miller Brewing Company), a major brewing company founded in Milwaukee's Near West Side (1855) with ongoing brewing and corporate offices in the neighborhood;

- Advocate Aurora Health, a nonprofit healthcare provider including more than 15 hospitals in Wisconsin and Illinois with a major medical center in the Near West Side; and
- Potawatomi Business Development Corporation (PBDC), an economic development arm of the Forest County Potawatomi Community with 11 acres of Trust Land in the area and headquarters within the Near West Side.

Alongside these major anchors, NWSP has also maintained several important partnerships that have helped facilitate—and maintain—the organization's mission. For example, Milwaukee County provided NWSP one of its initial grants, establishing an economic development fund. These resources enabled NWSP to begin acquiring real estate, but was also a signal to other local governments and community leaders that legitimized NWSP's goals, leading to additional resources and partnerships. Similarly, NWSP has benefited from a number of private sector partnerships. For instance, Town Bank (a Wintrust Community Bank) located two branches within the Near West Side and is a strong financial partner in NWSP real estate initiatives, in addition to providing leadership support (Town Bank President and CEO is a member of the NWSP Board of Directors and Chair of the NWSP Finance Committee). One of Wisconsin's oldest law firms, Foley and Lardner, has also been an ongoing champion of NWSP from inception, including facilitating introductions between some of the founding anchor partners and providing pro bono legal support to NWSP and leadership support within the Milwaukee community. These foundational relationships are supported by an array of ongoing, day-to-day partnerships that allow NWSP to pursue its goals, including the City of Milwaukee agencies (e.g., the Housing Authority of the City of Milwaukee (HACM)) and a long list of community nonprofits, businesses, places of worship, and community members.

NWSP officially launched in January 1, 2015, seeking to (1) reignite conversations around neighborhood revitalization, (2) facilitate the potential for major anchors to leverage engagement (and investment) around a community-led approach to change, and (3) increase the potential for broad neighborhood transformation (Marquette University et. al. 2021). Broadly, the initiative primarily targets issues related to safety and security, neighborhood revitalization including housing stabilization/improvement and fostering an attractive live-work environment, community health and wellness, and vibrant commercial corridors (Near West Side Partners n.d.). As of 2023, housing remains one of the highest priorities and significant challenges for the organization (see below for a discussion of ongoing initiatives).

The NWSP concept originates from Lovell's earliest days as Marquette's president, when he sought to understand the risks and opportunities facing the institution (Goods 2022). Rana Altenburg, Vice President of Public Affairs, quickly pointed to real and perceived safety issues, which prompted a data-gathering effort to understand the breadth of safety concerns. That process revealed crime statistics were far lower and less dispersed than perceived by most in the community. Subsequently, President Lovell led an effort to build a coalition among Near West Side anchors, beginning with Harley-Davidson, to shift the conversation from "What is impeding success at Marquette?" to a more inclusive, multi-stakeholder focus on neighborhood transformation.

Structurally, NWSP is a nonprofit run by an executive director and staff to support the various initiatives, from housing and commercial corridors to community outreach and ambassadors (Near West Side Partners n.d.). The five founding anchor institutions commit to serving on the board of directors and to providing monetary contributions towards a key NWSP initiative (PARC, described below). In addition, several city, county and state stakeholders, local businesses, and other Near West Side stakeholders serve as representatives on the board.

NWSP supports an array of initiatives within Near West Side neighborhoods. Given that crime was a major impetus behind its creation (as it was for the Campus Circle Initiative), a hallmark NWSP program is the

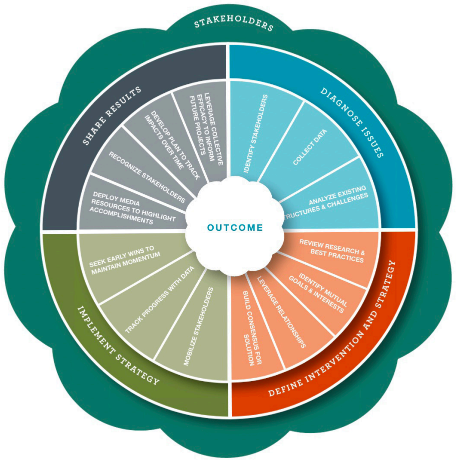

Figure 3 NWSP's Promoting Assets, Reducing Crime (PARC) Model (Marquette University 2019)

Promoting Assets, Reducing Crime (PARC) initiative (Near West Side Partners n.d.; Marquette University et. al. 2021). Annually, the five anchors commit $100,000 in funding to PARC, which targets safety concerns, community-building and neighborhood perceptions, and economic development opportunities (Marquette University et. al. 2021). Since its 2015 launch, PARC has supported an ongoing community ambassador program, investments in several security strategies (e.g., lighting, mobile cameras in key areas, Ring doorbell discounts for neighbors), and targeted engagement with nuisance properties in the Near West Side neighborhoods. In addition, PARC has addressed housing quality via regular landlord meetings and the creation of a landlord-tenant council, as well as economic development with programs designed to foster business development in the area (e.g., Rev-Up MKE business competition and special events on commercial corridors). Collectively, these efforts have contributed to a more than 30 percent decrease in total crime for the Near West Side between 2015 and 2019.

Beyond PARC, NWSP is also an active partner in the Near West Side Business Improvement District (BID) #10, which includes more than 350 businesses located along the five major commercial corridors within the Near West Side (Marquette University et. al. 2021). The BID includes its own board of directors (many of whom are also members of the larger NWSP board) and primarily focuses on safety, community building, small business development, and commercial corridor revitalization.

In the housing arena, NWSP has pursued programs to improve housing quality and strengthen connections between the neighborhoods and local employers. The Good Neighbor Designation is a program that recognizes multi-family property owners and managers who offer quality rental units within Near West Side neighborhoods (Marquette University et. al. 2021). Initially created by Marquette as a means of matching students with quality residential options, NWSP now provides the designation to landlords and owners throughout its neighborhoods, seeking to recognize proactive contributions towards safety, security, and neighborhood quality. As of 2021, the Near West Side had more than 50 properties with a Good Neighbor designation (Marquette University et. al. 2021). In addition, NWSP offers an employee housing assistance (Live Work Play) program targeted towards those working at Near West Side businesses. The homeownership program provides eligible employees with a $3,000 down payment grant, alongside technical support and financial education, towards the purchase of a home within the Near West Side. For employees who are looking to rent, NWSP offers a $500 rental incentive when an eligible employee signs a lease with a Good Neighbor landlord. While small in scale, the Live Work Play program has supported five renter households and initiated the homeownership process with 16 potential homebuyers (16 expressed interest; eight completed the homebuyer readiness counseling; and, as of 2021, six are in the process of becoming "homebuyer ready" with their financial plan).

MARQUETTE & NEAR WEST SIDE PARTNERS: PROGRESS IN HOUSING & NEXT STEPS

When NWSP launched, the existing community expressed fear and speculation that it would induce gentrification, resulting in the displacement of current residents and long-standing neighborhood social services. The area claims more than 90 nonprofits, which represents the highest concentration of social service agencies in either the city or state. However, this fear has not come to fruition. Since its inception, NWSP has centered affordability, accessibility, and anti-displacement in all of its housing efforts. Eight years after the

NWSP launch, the Near West Side had not experienced a wave of displacement and, generally speaking, there is a mutual sense of trust with the community and across the seven neighborhoods. In addition, NWSP has been successful in building community identity and fostering new growth over time—most recently, Milwaukee's mayor relocated to the Near West Side with his family into one of the neighborhood's historic homes (Rovito 2022).

Three recent and ongoing housing-centered initiatives showcase Marquette and NWSP's contemporary approach to housing. The first effort is connected to a successful Choice Neighborhoods Initiative (CNI) grant from the U.S. Department of Housing and Urban Development (HUD). In 2018, HUD awarded Marquette, in partnership with NWSP and HACM, a $1.3 million grant to create a locally-driven, comprehensive transformation plan for a large HACM-owned public housing development within the Near West Side (Marquette University et. al. 2021; Hess 2018). The process began with HACM approaching Marquette to request their leadership in the effort and represents the first instance of a university receiving a HUD CNI grant as a co-applicant. While housing issues have been difficult to conceptualize and implement within the context of the Near West Side, the CNI grant offered NWSP an opportunity to consider low-income, publicly supported housing in a concrete way. The grant supported a two-year outreach and planning process focused on establishing a plan to transform HACM's College Court development, an aging public housing project with two, 13-story towers and 251 housing units, into an inclusive community redevelopment project. In 2021, NWSP completed the "Near West Side Transformation Plan," which outlined several actionable strategies to immediately improve the Near West Side, as well as a strategy for shifting towards project-based vouchers that would relocate College Court residents into renovated or new units within the neighborhoods (Marquette University et. al. 2021). As of April 2022, HACM announced it was allocating 149 project-based vouchers to Near West Side housing projects, including "new construction, rehabilitation, and adaptive reuse projects… [that] were selected through a competitive request for proposals process" (Correspondent 2022).

Second, in July 2021, NWSP (with sponsorship from its anchor, Harley-Davidson) convened a three-day "Appreciative Inquiry Summit" for Near West Side stakeholders with an emphasis on resident engagement (Near West Side Partners n.d.). The goal was to highlight NWSP's revitalization mission for the Near West Side and prompt productive discussions about the community's vision for its future. The summit generated five unique projects with the potential to strengthen the Near West Side, including a vision for Concordia 27, a mixed-use project that is now under construction. Located approximately 10 blocks west of Marquette's campus, Concordia 27 is a $16 million project to redevelop a 97-year-old building into a mixed-use, community-centered project (Tanzilo 2022; Jannene 2022). When complete, the project will include 33 affordable apartments for seniors and low-income families; an 8,000 square foot clinic for Scaling Wellness in Milwaukee, a provider focused on "building a trauma-responsive community that heals trauma and promotes resiliency"; 12,000 square feet of commercial kitchen space, operated by Milwaukee Center for Independence (targeted towards those with intellectual disabilities and previously incarcerated individuals) for commercial training and production of lunches for local K-12 districts; a co-working space for creative professionals operated by Fruition MKE; a shared community space; and a new headquarters for NWSP. The project is spearheaded by


Figure 4 Concordia 27 Redevelopment Project Rendering (Kass 2022)

Wiegand, a developer that owns several properties within the Near West Side. As part of the redevelopment, Wiegand has secured housing vouchers for 25 of Concordia 27's 33 housing units from HACM. In addition, the project incorporates an array of funding sources, including a $5 million commitment of ARPA funds from Governor Evers; $2.35 million as part of a community funding project request package secured by U.S. Congresswoman Moore; $7 million in private investment tied to an Opportunity Zone designation; and historic preservation tax credits for a portion of the project. The developer had completed the exterior facade restoration as of December 2022, while interior construction remains ongoing and a ribbon-cutting ceremony is anticipated in fall 2023.

Lastly, NWSP is actively exploring a new opportunity to address "missing middle" housing, focusing on the potential for an employee-targeted single-family and duplex initiative. The emergent effort is assessing the potential for housing development within Avenues West, an eastern neighborhood within the Near West Side with two NWSP anchors (Marquette and Aurora Sinai). As of early 2023, the anchors have met with the local alderman and a representative from the City of Milwaukee's Department of City Development, who are supportive. The preliminary strategy includes tracking vacant city-owned parcels for development opportunities. NWSP has reached out to local developers—including graduates of Marquette's ACRE program, a 9-month professional real estate program that aims to expand opportunities for people of color in the commercial real estate business—to examine next steps for financial planning and development. In addition, NWSP has received investment interest from Milwaukee Development Corporation, a nonprofit civic developer and economic development organization, creating the opportunity for access to patient, low-interest capital for the initiative.

Today, Milwaukee's downtown is experiencing a renaissance led by empty-nesters and young professionals, many of whom work in the Near West Side or nearby Menomonee Valley. These households represent an opportunity for downtown-adjacent neighborhoods; however, to date, the Near West Side has limited housing inventory to meet the needs and demands of this incoming demographic.

Since the official launch of NWSP in January 2015, the area has seen a dramatic shift in crime reduction and safety enhancements, a trend of new investment in small businesses by BIPOC and women-owned businesses, growing interest by government and foundation leaders in economic development in the NWS, and a new focus on health and equity for the anchors and partners. NWSP's commitment to better and more accessible housing is clear, with current and future projects underway. Perceptions of the Near West Side are changing for the positive and NWSP anchors remain optimistic about the opportunity to attract a more permanent residential population through a thoughtful plan to develop walk-to-work housing options for area employees. The Near West Side is a destination neighborhood for jobs, education, social services, and entertainment; it is time for the neighborhood to be a destination of choice for housing for the very people who already choose to experience the Near West Side each day.

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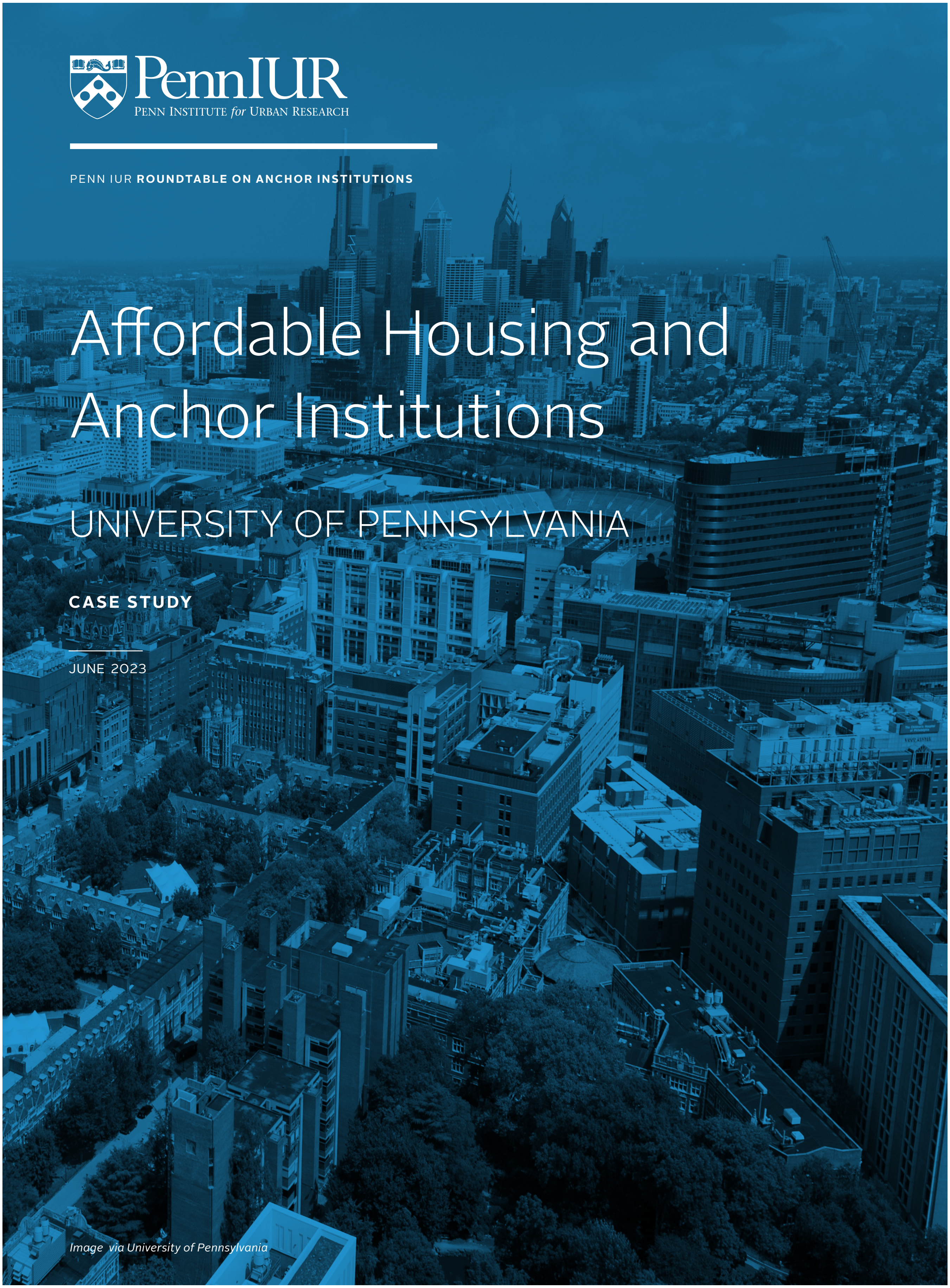

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PENN IUR **ROUNDTABLE ON ANCHOR INSTITUTIONS**

Affordable Housing and Anchor Institutions

UNIVERSITY OF PENNSYLVANIA

CASE STUDY

JUNE 2023

Image via University of Pennsylvania

The Model: Sole Developer, Joint Venturing, Land Leasing

INTRODUCTION/OVERVIEW

The University of Pennsylvania (Penn) is one of the oldest universities in the U.S. and traces its origins to a charity school founded in 1740, which was converted into an institution of higher education by Benjamin Franklin. From its humble beginnings, Penn has grown into a leading research university and health system. In 2021, the campus hosted approximately 28,000 students (23,000 full-time) including more than 11,000 undergraduates and nearly 17,000 graduate students (enrollments based on 2021 statistics from the Integrated Postsecondary Education Data System; Ginder, Kelly-Reid, and Mann 2018). Penn also represents an example of university intervention and investment in its local community.

Penn has resided in West Philadelphia, an area west of Center City (Philadelphia's downtown), since 1872. In 1963, the easternmost section of West Philadelphia—adjacent to Center City on the other side of the Schuylkill River—was christened University City, deriving its name from the neighborhood's proliferation of hospitals, research centers, colleges, and universities.

Over a period of five decades, extending from the second World War through the 1990s, West Philadelphia was subject to the effects of "white flight" and the national urban crises experienced by many cities, including steep declines in population, industry, tax base, and investment. Penn's adjacent neighborhoods became blighted, characterized by residential and commercial vacancy, high unemployment and crime rates, and low educational attainment.

Motivated by neighborhood decline and instability, Penn organized a local response in the late 1980s and 1990s, beginning with investment in local public schools and the creation of a university-assisted schools movement. Subsequently, under the leadership of President Judith Rodin (1994-2004), Penn expanded its efforts to include a range of initiatives targeting quality of life enhancement within West Philadelphia. Penn's renewed approach to West Philadelphia included: investments in public health, safety, and wellbeing for local residents; economic development initiatives that targeted local procurement and purchasing from community vendors and entrepreneurs; redevelopment investments that transformed underutilized properties and surface parking lots into mixed-use commercial corridors; an employee-targeted local homeownership grant program and a multi-family rental housing investment strategy; and engagement with local Philadelphia public schools (Kromer and Kerman 2005).

Rodin named this work the West Philadelphia Initiatives (WPI), embodying a comprehensive investment and revitalization strategy to address neighborhood revitalization within University City (Rodin 2007). Over the past 25 years, WPI's investments have dramatically shifted the trajectory of University City, from its socioeconomic and built environment characteristics, including the accessibility and affordability of the neighborhood's housing market (Ehlenz 2016). In recent years, Penn has begun reconceiving its anchor strategies to consider ways to engage with these market-based forces and a changed neighborhood dynamic.

BACKGROUND: PENN IN WEST PHILADELPHIA

In the early 1990s, University City, and the larger West Philadelphia community, reflected the experience of many neighborhoods across the city of Philadelphia, as well as urban centers across the country (Kromer and Kerman 2005; Rodin 2007). High crime rates, property abandonment and disinvestment, increasing poverty levels, and declining public schools characterized the neighborhood. Meanwhile, the City was on the verge of bankruptcy and unable to make the kinds of investments required to reverse University City's decline. For years, Penn's administration had carefully observed the deteriorating conditions along the campus borders, but its discussions were brought to a head following the murders of two members of the university community in 1994 and 1996. Motivated by real and perceived threats to its physical campus and constituents, Penn faced a dilemma familiar to many urban anchor institutions—fight or flight (Rodin 2005). Within this context, the Penn administration elected to redefine its own role in the community and began to define more broadly the role of an anchor institution.

Conceived under the presidency of Judith Rodin, Penn created a new Trustee Committee on Neighborhood Initiatives (Rodin 2007). Penn consciously recognized that it was more than an owner of real estate for the dedicated purpose of its mission of teaching, research, and housing students. Instead, the university saw an opportunity to embrace its role as a community developer through a series of targeted investments. Under the banner of its WPI strategy, Penn targeted five core program areas (Ehlenz 2016):

1. **Delivering Services to the Public**: In response to waves of crimes against persons and property, Penn increased the size of its police force and created the University City District (UCD, 1997), a special services district initially devoted to public space maintenance, planting thousands of trees and flowers, and installing hundreds of new streetlights. UCD currently administers a wide variety of programs and services, including area marketing/promotion activities and a workforce development program (University City District n.d.).

2. **Homeownership and Rental Housing**: Penn provided employee-eligible grants enabling them to purchase or renovate homes within West Philadelphia neighborhoods. Between 1997 and 2003, employees could apply for $15,000 grants; after 2003, they were eligible for $7,500 grants. Since 1997, more than 1,500 staff members have taken advantage of the program (University of Pennsylvania n.d.; n.d.).

   Penn also established the Neighborhood Preservation Development Fund (NPDF), originally partnering with Fannie Mae and third-party private developers to invest in mixed-use multi-family buildings (University of Pennsylvania n.d.). This program was intended to hedge against the rising costs of rental housing, while addressing substandard rental housing stock via property renovations. Since NPDF's inception, Penn has purchased 20 buildings that were not up to (or barely met) building code requirements, representing more than $4 million in property investments and preserving 400 rental units. Following property rehabilitation, Penn leases the units below market rent levels, with the intent of providing increased affordable housing within the neighborhood. In accordance with fair housing law, the units are not restricted and are available to rent on the open market. Today, NPDF's renter profile includes 67 percent student-affiliated households, 27 percent non-Penn households, and 7 percent Penn-employee households.

3. **Commercial Development**: Penn converted several of its underutilized properties, such as surface parking lots and low-grade commercial space along Walnut Street (between 30th and 40th Streets) and along 40th Street (between Spruce and Chestnut Streets), to form two commercial corridors for bringing retail amenities to the community (University of Pennsylvania n.d.). This strategy has supported nearly 100 university and neighborhood-serving businesses, of which 60 percent are independently owned, bringing an additional 400,000 square feet of commercial space to University City, including a hotel, bookstore, full-scale grocery, cinema, restaurants, drugstore, national brand franchises, and local enterprises.

   Examples of two major projects and two major nodes include (University of Pennsylvania n.d.):

   - University Square at 36th and Walnut Streets (formerly branded as Sansom Common), a 350,000 square foot mixed-use development project that replaced a surface parking lot and is now a central retail and hospitality hub within University City. The development includes The Penn Bookstore (operated by Barnes and Noble), The Inn at Penn (operated by Hilton as a 290-room, Four Diamond accredited hotel), and 12 other retail businesses. Penn was the sole developer for the project,

Figure 1 Fresh Grocer (now Acme) Development Project (University of Pennsylvania Facilities)

investing $95 million to bring it to fruition, and the project covered most of its debt within its first three years of operation.

- At 40th and Walnut Streets, Acme (formerly Fresh Grocer), a 32,000-square-foot supermarket on the ground floor of a 700-space parking garage, and Cinemark, a 40,000-square-foot, six-screen cinema adjacent to several blocks of fully occupied commercial storefronts.

4. Economic Inclusion: Penn created a "Buy West Philadelphia" program in 1986 with an initial spend of $30 million on local goods and services from local businesses in the skilled trades and professional services (University of Pennsylvania n.d.). In 2021, this initiative was rebranded as Fueling Business Growth, which has grown to an annual local spend of approximately $130 million, targeted towards helping businesses owned by underrepresented minorities grow, prosper, and create economic development for Philadelphia.

5. K-12 public education in West Philadelphia: Penn donated land, as well as financial resources and design expertise, to develop a K-8 public neighborhood school, Penn Alexander (Penn Alexander School n.d.). The school opened in 2001 and included an annual $850,000 financial commitment towards operations and technical resources. In 2020, Penn signed a long-term agreement with the Philadelphia School District to invest $850,000 annually in the neighboring Lea Elementary School as well. And, in 2021, Penn pledged $100 million over 10 years to the Philadelphia School District to remediate lead, asbestos, and other toxins embedded in the schools. In addition, the Netter Center for Community Partnerships operates several university-assisted schools across West Philadelphia. Their work brings Penn's human and intellectual resources to support local principals, students, and families in enhancing educational and personal development based on the community schools movement, wherein

Figure 2 Penn Alexander School (University of Pennsylvania Facilities)

local schools are the center of community life.

Following the launch of the WPI, Penn President Amy Gutmann (2004-2022) launched a new campus master plan, Penn Connects, that provided a 30-year vision and the next phase of Penn's anchor institution work (University of Pennsylvania and Sasaki 2006). Through this process, the Penn Trustees pursued an entirely new vision for campus planning, which included approaching development at an appropriate scale for (and in harmony with) the local community to the west of Penn's campus and directing any intentional expansion towards Center City (Philadelphia's Central Business District) to the east. The campus master plan included urban design principles to guide Penn's architecture and planning, increased investments in services and amenities, provision of local employment and education, and strategic real estate outlays to implement the vision. The subsequent implementation of the plan accounted for more than 8 million square feet of construction, with projects valuing more than $3.5 billion on campus and medical-center land.

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING

Since the mid-1990s, Penn and the conditions of its University City neighborhoods have changed significantly. Whereas the housing market and neighborhood conditions were heavily shaped by disinvestment, deterring crime rates, and poorly maintained multi-family properties (frequently converted from single-family properties) during Penn's initial investments in the WPI, University City has since undergone a transformation (Ehlenz 2016). Today, the neighborhood's housing market has accelerated more quickly than many other Philadelphia neighborhoods and housing accessibility and affordability are the dominant concern for many households—as well as a substantial issue that is shaping future iterations of Penn's anchor institution work.

Given these changes, Penn has approached affordable housing in varying ways over time. Its initial investments were more directly addressing issues of housing stabilization and quality via the Neighborhood Preservation Development Fund. Subsequently, its strategies have shifted towards supply-side concerns, including the production of more student-centric housing within Penn's campus and facilitating opportunities for market-led production of multi-family housing.

THREE APPROACHES TO HOUSING IN UNIVERSITY CITY

APPROACH 1: REHABILITATING MULTI-FAMILY HOUSING STOCK IN UNIVERSITY CITY

When Penn launched the Neighborhood Preservation Development Fund (NPDF), its goal was to stem the deterioration of multi-family housing stock within University City. Specifically, the program targeted aging and declining multi-family housing stock with the aim of identifying opportunities for acquisition and rehabilitation. Initially established in partnership with Fannie Mae, University City Associates, and Trammell Crow Company (a real estate developer, investor, and property management group), NPDF largely targeted mid-sized multi-family buildings with the goal of upgrading the existing facilities and, subsequently, leasing the units to local residents—including students, although they were not the sole (or even the primary) targets for the properties—for a reasonable rent. Under NPDF, the properties were professionally managed—addressing issues with absentee landlords within the neighborhood—and rents were aligned with market-rate rents, though not overly competitive and the intent was to provide a supply of affordable (although not deeply subsidized) units within University City. Over time, NPFD's partnerships shifted, including the addition of University of the Sciences and Altman Properties (as the new property manager); in 2003, Fannie Mae assigned its equity interest to Penn—at no cost—but remained a potential funding source for future acquisitions. As of 2006, NPDF maintained a portfolio of 105 units located in six buildings; today, the portfolio includes more than 20 buildings in University City and rents more than 400 units with an asset value of approximately $26 million.

APPROACH 2: INCREASING STUDENT HOUSING CAPACITY ON PENN'S CAMPUS

As part of its ongoing campus planning efforts, Penn has made investments in accommodating growing numbers of its undergraduate population in on-campus beds. Under President Gutmann's administration, residential housing policies required all first- and second-year students to reside within Penn's College House System (University of Pennsylvania n.d.). In consultation with student leaders, College House faculty and staff, undergraduate deans, trustees, student advisors, and other campus partners, Penn created a new Second Year Experience Program that offers expanded programming and events for second-year students (University of Pennsylvania n.d.). Beginning with the incoming Class of 2024, the Program will house all Penn sophomores in a two-year College House system. The concept is that a two-year College House system will measurably strengthen the sense of community among Penn's first- and second-year students—promoting students' achievement and well-being, enhancing support for students' academic and social lives, and increasing opportunities to engage with diverse programs and viewpoints. Housing all sophomores on campus also will

Figure 3 Gutmann College House (University of Pennsylvania)

eliminate a major source of stress and anxiety for first-year students, who have expressed pressure to consider second-year housing options during their first semester as Penn students.

Penn's ability to support a full two-year College House system was made possible by the construction of two new College Houses, Lauder College House, and Gutmann College House.

- **Gutmann College House,** situated on the western edge of campus near 40th and Walnut Streets, houses approximately 430 sophomores, juniors, and seniors (University of Pennsylvania n.d.). The facilities include state-of-the-art amenities, with communal study areas, common living and social spaces, seminar and music practice rooms, as well as a coffee bar, meditation room, fitness space, tinker space, and six club rooms with kitchens.

- **Lauder College House** officially opened its doors on August 24, 2016 and is the first Penn residential building specifically designed as a college house (University of Pennsylvania n.d.). The University's residential system brings together undergraduates, faculty, staff, and graduate students to form shared communities within the larger context of Penn's campus. Designed by the Philadelphia-based design firm of Bohlin Cywinski Jackson, the seven-story, 198,000-square-foot, $121 million project houses undergraduate students, in three-, four-, five-, and six- bedroom suites with a dining venue and many public and programmatic spaces built around a private central courtyard. As a four-year house, Lauder College House is a microcosm of Penn.

APPROACH 3: ATTRACTING PRIVATE SECTOR DEVELOPMENT TO BUILD MARKET-RATE MULTI-FAMILY HOUSING IN A CONCENTRATED DEVELOPMENT ZONE ADJACENT TO CAMPUS

As Penn limited its westward expansion into the adjacent non-institutional residential neighborhoods, its Trustees supported growth towards the east, south, and north. These real estate moves involved complicated deals, including a variety of private development partnerships and ground leases for income and land ownership retention (University of Pennsylvania n.d.).

To the east, the Trustees purchased a former General Electric manufacturing facility and leased it to a local private developer who invested $79 million to create The Left Bank (2001, 3131 Walnut Street), a property conversion that includes apartments, retail, childcare, parking, and Penn offices. Subsequently, Penn invested in a $23 million adaptive reuse project, resulting in WXPN, Penn's radio station, and The World Café (2004, 3025 Walnut Street), a restaurant and live music venue. In 2007, Penn assigned a lease of a surface parking lot to a national developer, who invested $70 million in a new construction, mixed-use residential project known as Domus (3401 Chestnut Street). Penn continued this land-leasing strategy, as Penn Trustees sought additional private sector residential investment proximate to campus within University City. This approach included an $80 million project by a local developer to build the Hub (2007, 3945 Chestnut Street) and an $100 million project by a national developer for the Radian (2008, 3925 Walnut Street). Together, these residential developments added more than 850 apartments for student housing, as well as nearly 100,000 square feet of retail.

In 2007, the Trustees also acquired the United States Post Office of Southeastern Pennsylvania campus, located along the Schuylkill River from Market Street to South Street. The property included 24 acres of offices, warehousing, transportation logistics and parking. which Penn purchased for $50.6 million. Subsequently, Penn sold the office portion of the site to a local real estate investment trust, Brandywine Realty, for conversion into a regional headquarters for the Internal Revenue Service (IRS). Penn also leased the logistics portion of the site to Brandywine Realty for the construction of residential projects, including EVO (2014, 850 apartments), FMC Tower (2016, 216 apartments), and a separate 2,400-car parking facility. And, on the remaining 14 acres of land, the Penn Trustees invested in the creation of a campus and community recreational and open space, known as Penn Park (2011).

WEST PHILADELPHIA: PROGRESS & NEXT STEPS

Today, the demand for affordable housing in Philadelphia far exceeds the available supply. In February 2023, the Philadelphia Housing Authority (PHA) opened its waiting list for housing choice vouchers for the first time in 12 years (Philadelphia Housing Authority 2023). PHA used a lottery to select 10,000 applicants for the wait list, though demand far outpaced the opportunity with nearly 37,000 households applying for a voucher (Jones 2023). Meanwhile, in the next five years, contracts between private property owners and the US Department of Housing and Urban Development (HUD) that extend affordable housing units to approximately 1,000 households will be up for renewal. If these property owners do not renew their contracts, Philadelphia's affordable housing reserve will be further reduced, deepening the city's affordable housing crisis.

This situation is currently playing out in West Philadelphia at the University City Townhomes (UC Townhomes) (Bond 2021a; McCarthy 2022; Torrejón 2022). Built in 1982 as 67 individual townhomes, the property has operated as affordable housing for 40 years under a contract with HUD. In 2021, the owner of UC Townhomes exercised their legal right to not renew their contract with HUD, and residents were notified that they would need to find new housing (Bond 2021a). This event has been traumatizing for residents, who are not only facing an unexpected move but must also find alternative affordable housing under time constraints in a city that lacks affordable housing (McCarthy 2022; Torrejón 2022). Advocates for affordable housing point to this as an example of the inequalities that exist between Penn and West Philadelphia's Black community. The situation has introduced an ongoing debate that questions Penn's anchor institution strategies broadly, as well as the relevancy of current strategies given the brewing affordability crisis in West Philadelphia (and beyond) (Bond 2021b; Torrejón and Snyder 2022).

The future of Penn's anchor strategy remains committed to its original WPI principles: enhanced public safety; commercial real estate development as community amenities; support for public education; economic inclusion, especially local and diverse procurement strategy; and housing and homeownership. Yet, West Philadelphia's current housing market requires a bold new approach that addresses current challenges (and builds on future needs). In accordance with Penn's mission and role as an anchor institution, both the university and the city would benefit from a sustainable plan of action for how to best support and influence the preservation and expansion of quality affordable housing in West Philadelphia. To this end, Penn is pursuing a new vision to guide its future anchor investments. In January 2023, Penn announced a four-year investment in Rebuilding Together Philadelphia to preserve up to 80 homes owned by West Philadelphia senior citizens. The program seeks to provide financial support for aging in place, addressing challenges as West Philadelphia homeowners age and face emergent concerns related to fixed incomes and the cost of ongoing property maintenance, leaving them vulnerable to displacement.

Working with the Penn Institute for Urban Research (Penn IUR), the Office of the Executive Vice President (the sponsor of many the institution's anchor strategies) is analyzing the affordable housing situation in West Philadelphia into the future, including an assessment of the current relationship the city, state, and federal governments have with respect to affordable housing. Through this work, Penn is evaluating how peer anchor institutions, in partnership with public, private, and nonprofit sectors, have engaged with and impacted affordable housing, to identify best practices. In addition, Penn is gathering input from the West Philadelphia community, students, and other relevant stakeholders regarding the needs and challenges of affordable housing within the neighborhood.

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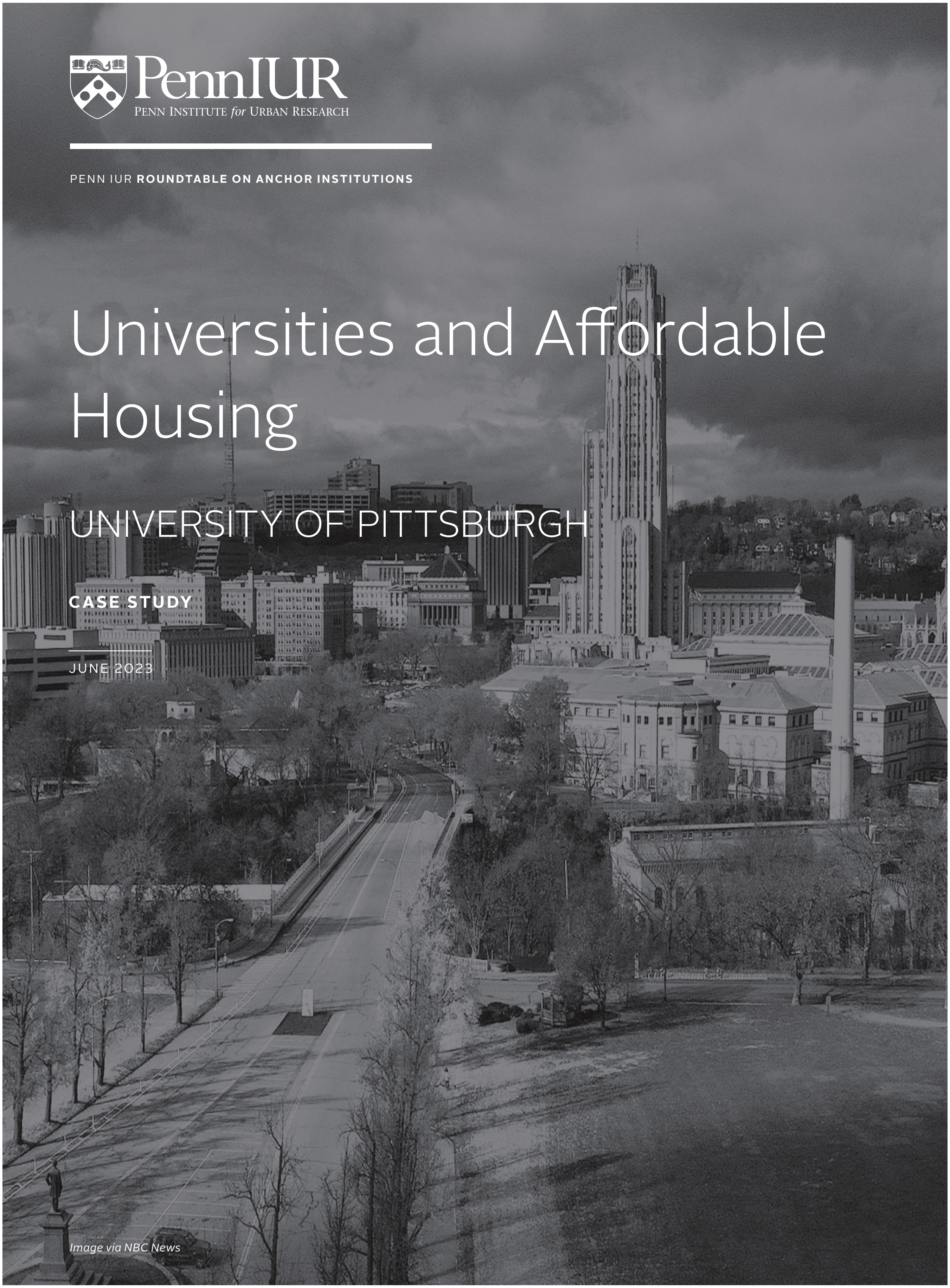

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PENN IUR **ROUNDTABLE ON ANCHOR INSTITUTIONS**

Universities and Affordable Housing

UNIVERSITY OF PITTSBURGH

CASE STUDY

JUNE 2023

Image via NBC News

The Model: Diversifying Neighborhood Housing, Reducing Student Demand, and Institutional Support for Affordable Housing

INTRODUCTION/OVERVIEW

The University of Pittsburgh (Pitt) is a state-related research university situated in Pittsburgh's Oakland neighborhood, an urban community (1.5 square miles) characterized by its significant eds-and-meds presence and large student population. Pitt is the largest anchor within the neighborhood, enrolling almost 30,000 students at its Pittsburgh campus (26,500 full-time students) with a large undergraduate population (nearly 20,000) and approximately 9,250 graduate students (University of Pittsburgh: Office of Institutional Research 2022). Other Oakland anchors include Carnegie Mellon University (approximately 14,000 students in 2018), Carlow University (approximately 2,000 students in 2018), three hospitals, including University of Pittsburgh Medical Center facilities (UPMC), and cultural institutions, including the Carnegie Museums of Art and Natural History (City of Pittsburgh and Goody Clancy 2020).

The strong presence of Pitt, as well as its peer anchor institutions, in Oakland have long shaped neighborhood discussions with the institution representing an opportunity, as well as a source of tension between long-term residents and student populations (Folts 2022). Pitt's 2021 Institutional Master Plan and the City of Pittsburgh's Oakland Plan highlight the growth potential for the neighborhood, aligning redevelopment and increased neighborhood density with opportunities to bring more job and housing diversity into the community while leveraging the area's potential as a significant hub for research and innovation in Pittsburgh and beyond. Drawing from research underscoring Pittsburgh's potential as a global innovation economy (Andes et al. 2017), the City points to similarities between the Oakland neighborhood and other peer innovation neighborhoods, including the University of Pennsylvania's University City, MIT's Kendall Square, and Atlanta's Midtown Tech Square neighborhoods (City of Pittsburgh and Goody Clancy 2020).

Yet, the City, local anchors, and neighborhood residents also identify a number of challenges in Oakland, particularly related to neighborhood stability, quality of life, and diversity (City of Pittsburgh and Goody Clancy 2020; Folts 2022). While Pitt's peer innovation neighborhoods have experienced growth in recent years, Oakland's non-student population has been shrinking and trending away from a more balanced community. Existing conditions tell the story of a college-centric neighborhood with a high density of young people (15 to 24-year olds), but decreasing household heterogeneity with respect to young professionals (25 to 34-year olds) and the loss of family households (now representing fewer than 20 percent of total households). These demographic shifts are coupled with high rental rates (nearly 80 percent of all dwelling units) and very tight housing market conditions, with planning efforts noting challenges related to housing quality and diversity of housing stock that impedes the neighborhood's ability to attract non-students, including anchor-affiliated faculty and staff, as well as retain long-term residents.

Collectively, Oakland's existing conditions and its rich anchor institution composition have sparked conversations around the neighborhood's identity and future growth. In recent years, the City has put forth a long range vision for what Oakland could be (City of Pittsburgh and Goody Clancy 2020). Simultaneously, Pitt's Institutional Master Plan lays out numerous strategies to amplify its role as a collaborator, contributor, investor, and catalyst in creating a more balanced future for Oakland (University of Pittsburgh 2021).

BACKGROUND: PITT IN THE OAKLAND NEIGHBORHOOD

The Oakland neighborhood is an urban community east of downtown Pittsburgh. The area includes approximately 20,000 residents—with two-thirds (approximately 13,000) falling between the ages of 15 and 24 years old—and weekday populations exceeding 100,000 during the academic year, as people travel into the neighborhood to work and study at its three universities and several K-12 institutions (City of Pittsburgh and Goody Clancy 2020). This case study references Oakland as a whole, though the area is subdivided into four city-designated neighborhoods: North, Central, South, and West Oakland. The area is roughly bounded by the Monongahela River to the south, Schenley Park to the east, Centre Avenue to the north, and Kirkpatrick Street to the west (see Figure 1).

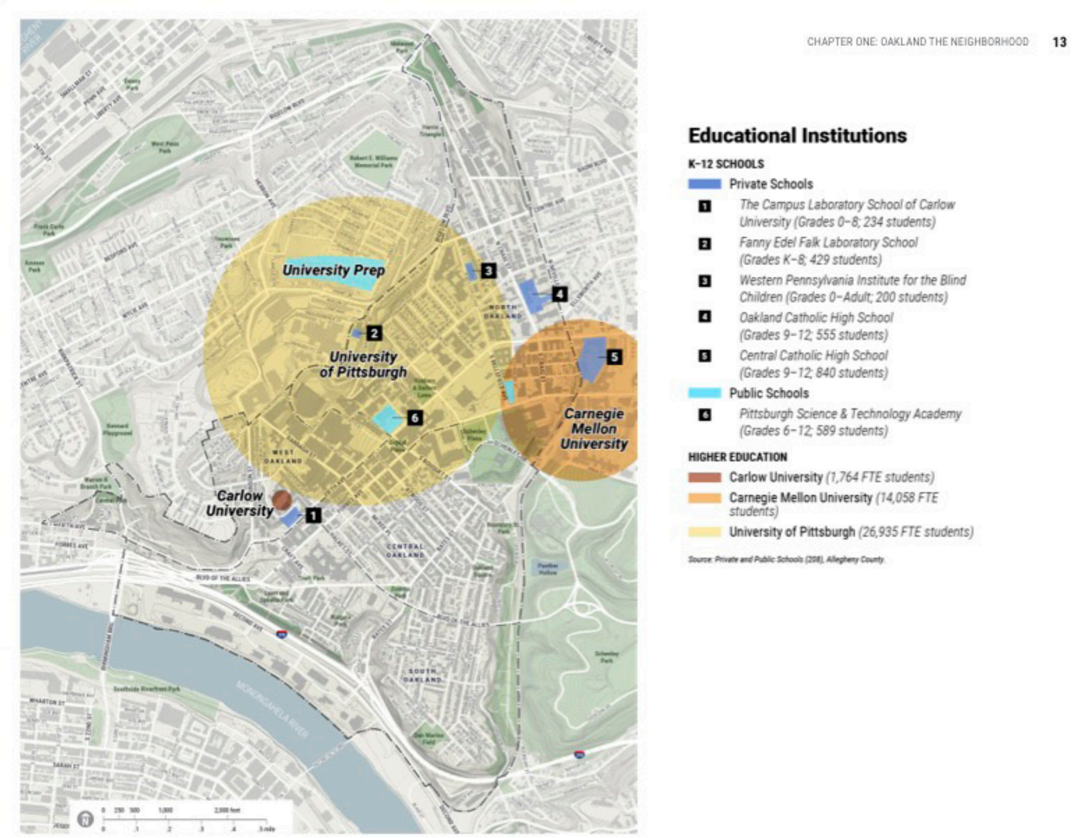

Figure 1. Oakland Neighborhood with its Primary Educational Anchor Institutions (City of Pittsburgh and Goody Clancy 2020, 13)

Between 2020 and 2022, the City of Pittsburgh undertook an extensive neighborhood-level planning effort for Oakland, including Pitt and its peer anchors, neighborhood organizations, and local residents (Gratzinger 2022). The process resulted in an existing conditions report for the area that assessed neighborhood change over time and established current neighborhood needs, emphasizing the need for investments in affordable housing and livability (City of Pittsburgh and Goody Clancy 2020). Broadly speaking, the report contextualized Oakland as an eds-and-meds district, claiming 36 percent of the city's total healthcare job base and 66 percent of its education-based workforce. Its land use mix is largely divided between institutional (27 percent) and residential (34 percent) uses, which includes an extremely high share of one- and two-person households (nearly 80 percent) and low owner-occupancy rates (approximately 25 percent, relative to 48 percent citywide). When compared to peer innovation neighborhoods in Philadelphia, Boston, and Atlanta, Oakland has many of the same institutional components, but its neighborhood is substantially more student-dominated and lacks socioeconomic diversity, which has likely contributed to its shrinking population trend (unlike its peers).

The existing assessment is complemented by a 10-year community plan, encompassing local government and stakeholder goals, priorities, and programs for the neighborhood's community, development, infrastructure, and mobility (City of Pittsburgh n.d.). The City Council adopted the plan in mid-2022, which identifies a wide range of goals. In the housing arena, some notable priorities include (City of Pittsburgh n.d.):

- Supporting more housing diversity within the neighborhood, including a better balance of both rental and owner-occupied opportunities and housing that targets a wider range of incomes;
- Expanding the overall housing supply, with specific aims to increase student-focused housing supply (addressing the neighborhood's substantial demand) and expand affordable housing options for low-income workforce households; and
- Identifying strategies to mitigate displacement in Oakland, with an emphasis on stabilizing long-term residents and non-student populations.

Lastly, the plan includes a series of implementation strategies, identifying specific actions, stakeholders, and timelines that align with the neighborhood's broad vision for its future. Some of these strategies are already in effect, including the City Council's adoption of an inclusionary zoning overlay district for Oakland to address affordable housing demand (Gratzinger 2022). Meanwhile, other strategies include recommendations to establish a City-managed trust fund that is tied to existing zoning and development processes, creating a pool of funds to support affordable housing; examine opportunities for "missing middle" housing within Oakland to expand housing choice; and partner with the neighborhood's anchor institutions to create employer-assisted housing programs that could expand and diversify Oakland's residential base (City of Pittsburgh n.d.).

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING: LEVERAGING PITT RESOURCES AND PARTNERSHIPS TO ADDRESS STUDENT, NEIGHBORHOOD, AND INCLUSIONARY HOUSING

Pitt embodies an active and large anchor in the Oakland neighborhood with a substantial impact on the character of the community owing to its student population, as well as its opportunities to contribute to the Oakland Plan's priorities to attract professionals and "missing middle" households back into the area. As a major community stakeholder, Pitt has established several partnerships with community-based organizations and other stakeholders to help support larger neighborhood goals. Its investments fall into four broad anchor strategies that contribute to affordable housing production and neighborhood stabilization.

FOUR APPROACHES TO HOUSING IN PITTSBURGH'S OAKLAND NEIGHBORHOOD

APPROACH 1: LEVERAGING PITT'S STUDENT HOUSING INVESTMENTS TO MITIGATE STUDENT-DRIVEN HOUSING DEMAND AND SUPPORT NEIGHBORHOOD STABILIZATION

As the largest university anchor in Oakland, Pitt attracts a substantial student population into the area. The university houses 97 percent of its first-year students on campus and its existing on-campus supply includes more than 7,850 beds (University of Pittsburgh 2019). Yet, Pitt also recognized a significant need for additional supply in its future, citing an unmet demand for student housing that spills into off-campus housing markets (University of Pittsburgh 2021). Thus, the university's Campus Master Plan includes a proposal to expand student housing over the next several years, with a target of as many as 2,000 new beds (University of Pittsburgh 2019). Additionally, the university's Institutional Master Plan highlights the dual opportunity for increased on-campus housing supply to reduce off-campus student demand, while also exerting pressure on off-campus landlords to improve the quality of rental housing in order to compete with Pitt's high-quality, amenity rich on-campus options (University of Pittsburgh 2021).

Beyond the production of housing supply for its students, Pitt also maintains a "be a good neighbor" resource and campaign that strives to educate students about good off-campus neighborhood behaviors and build connections between student and non-student residents in Oakland (University of Pittsburgh n.d.). In conjunction with Oakland's vision for diversifying its resident base, Pitt's IMP also highlights the opportunity to explore employer-assisted housing incentives that may bring more faculty and staff into the neighborhood (University of Pittsburgh 2021; Krauss 2022).

Figure 2. Oakland Neighborhood (City of Pittsburgh and Goody Clancy 2020)

APPROACH 2: LEVERAGING PITT'S FINANCIAL RESOURCES TO SUPPORT AFFORDABLE HOUSING PRODUCTION & NEIGHBORHOOD STABILIZATION

Beyond the campus, Pitt is engaged with several community organizations to support affordable housing preservation and creation. Specifically, Pitt has dedicated financial support to these organizations, prioritizing affordable housing creation and preservation with an emphasis on homeownership.

One of its primary partnerships is with Oakland Planning and Development Corporation's (OPDC) Oakland Development Fund and Community Land Trust (CLT). The Oakland Development Fund exists to support OPDC's work to revitalize the Oakland neighborhood, including improving neighborhood housing stock, growing the number of low- and moderate-income households, and creating an environment in which the community is socioeconomically and racially diverse. Pitt maintains a seat on the Oakland Development Fund Board as a fund investor, having allocated a no-interest loan ($72,500) in 1986 targeted towards the retention and expansion of affordable, owner-occupied housing within the neighborhood. As of 2023, this loan commitment has been renewed four times.

Launched in 2019, the Oakland CLT ensures that affordable housing opportunities are available on a permanent basis and that homeownership is preserved ("Oakland Community Land Trust" n.d.). Given the strong student housing demand in Oakland, OPDC viewed a CLT as a backstop to ensure properties were not continually lost to investor-owners and subdivided into rental units. Pitt was an original investor in the Oakland CLT, committing $250,000 via a long-term, no-cost loan to help seed acquisition funds, a $40,000 operating grant for the organization, as well a single-family home it owned nearby campus. As of spring 2023, Oakland CLT has 18 houses in its portfolio with plans to continue growing into the future.

APPROACH 3: LEVERAGING PITT'S LAND ASSETS TO SUPPORT AFFORDABLE HOUSING PRODUCTION

Recently, Pitt leveraged its land assets to support the creation of inclusive affordable housing within Oakland. Oakland Pride, led by Presbyterian SeniorCare Network, is an affordable housing project that will bring 52 units of affordable, LGTBQ-friendly senior housing into the Oakland neighborhood ("LGBTQ-Friendly Housing Project Receives $4M in Credits from PA Housing Finance Agency" 2022; Schooley 2022). Currently underway, the project received $4 million in Low-Income Housing Tax Credits from the state of Pennsylvania in late 2022. Presbyterian SeniorCare Network has committed to preserving the affordability of the project for 40 years.

In a multi-anchor effort, both Pitt and UPMC have leveraged their land resources to help Oakland Pride come to fruition and protect its affordability component. Both institutions established no-rent, 75-year land leases for the project, enabling the development to move forward on institutional parcels. Oakland Pride addresses key priorities for Pitt and the Oakland Plan, expanding housing choice in a way that addresses inclusivity and affordability for a non-student population over a long-term horizon.

APPROACH 4: ESTABLISHING DEVELOPER AGREEMENTS AND PITT PROGRAM TO SUPPORT HOUSING PRODUCTION AND DEMAND

Lastly, Pitt is seeking a development partner to create a mixed-use, multi-family housing project in Oakland. The project represents a private-market, non-student housing investment on a Pitt-owned property (formerly a hotel) (Jones 2021). The new development aims to bring a community-serving grocery into the neighborhood, in addition to adding a large number of workforce housing units. The university anticipates the project will include affordable units by making at least 10 percent of the units it builds affordable to households at or below 50 percent of AMI.

PITT & OAKLAND: PROGRESS & NEXT STEPS

Many of Pitt's priorities for housing—both within its campus and as a partner within Oakland—are ongoing. With recently adopted plans outlining Pitt's institutional plans for development (University of Pittsburgh 2021), including an emphasis on expanding student housing and contributing towards improvement in private-market offerings, and the City's multi-faceted (and multi-partner) approach towards a vision for Oakland (City of Pittsburgh n.d.; City of Pittsburgh and Goody Clancy 2020), there are a number of pathways in place for transforming Oakland and investing in neighborhood affordability and livability. One such avenue includes the development of an employer-assisted housing incentive program. Tentatively slated for implementation in late 2023, the program would provide rental and homeownership incentives for employees seeking to live in the Oakland community. The incentives would be tiered, offering the greatest assistance to employees making 80 percent or less of AMI. As part of the program, the university is exploring including deconversion assistance to help return multi-unit dwellings to their original, family-sized structures and offering employees who already own homes within Oakland one-time hardship assistance for tax liens that may be endangering their housing stability.

The University of Pittsburgh continues to deepen its understanding of itself as an anchor institution, and this includes delivering on the lengthy list of commitments established within the neighborhood enhancement section of its Institutional Master Plan and partnering with the City, Oakland-based community organizations, and resident groups to implement the Oakland Plan.

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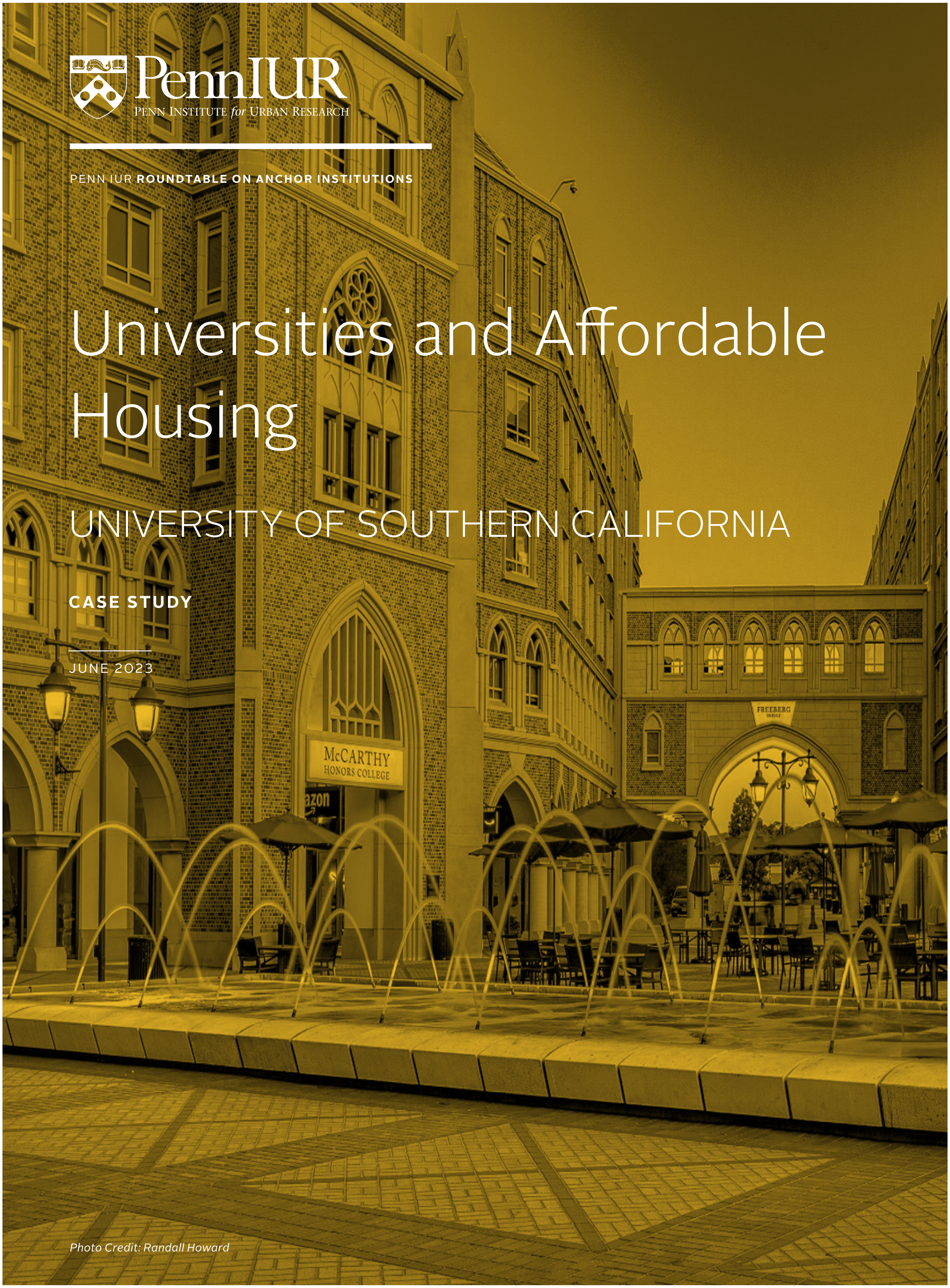

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Universities and Affordable Housing

UNIVERSITY OF SOUTHERN CALIFORNIA

CASE STUDY

JUNE 2023

Photo Credit: Randall Howard

The Model: University Focus on Decreasing Neighborhood Housing Pressure through Increased Student Supply and Financial Resources Allocated towards Affordable Housing Funds/Projects

INTRODUCTION/OVERVIEW

University of Southern California (USC) is located in South Los Angeles's University Park neighborhood. Historically a commuter school, USC now boasts enrollments of nearly 50,000 students, including over 42,500 full-time students and approximately 21,000 undergraduate and 28,500 graduate enrollees (enrollments based on 2021 statistics from the Integrated Postsecondary Education Data System; Ginder, Kelly-Reid, and Mann 2018). As the campus has continued to grow, so have longtime tensions with its adjacent neighborhoods as student housing demands—coupled with increasing regional housing market pressures and economic uncertainty—have contributed to shifts in local housing supplies and target markets.

Since the 2000s, USC, the City of Los Angeles, and South LA neighborhoods have engaged in ongoing conversations about the need for a new approach to university-related housing within USC neighborhoods. The creation of a university master plan for future expansion established a formal impetus for the City, in conjunction with local communities, to examine USC's place-based impacts on neighborhood housing, jobs, and economic development. The master plan was requested by the city council representative who represents the campus.

USC's development plan (drafted in 2005 and adopted in 2011) outlined its anticipated growth in the University Park Campus area (City of Los Angeles 2011b). Designed to be implemented in phases by 2030, future development entitlements provide for up to 2.5 million square feet of university-based uses (e.g., academic and research facilities), 350,000 square feet of retail and commercial uses, 2.1 million square feet of residential development, a hotel and conference center, and (potentially) a university-affiliated K-8 laboratory school (City of Los Angeles 2011b). In response, the City of Los Angeles City Council passed a motion in December 2008 for the City's Planning Department to create the USC University Park Specific Plan and a nexus study (City of Los Angeles 2011b). These studies supported a formalized agreement with the City of Los Angeles that aligned USC's plans for ongoing growth and expansion with the City's general plan and the university's adjacent community issues, concerns, and needs.

In its entirety, the City-USC process encapsulated an existing conditions analysis and forward-looking impact assessments that are formally articulated via four key documents, adopted by the City of Los Angeles in conjunction with USC, that constitute the USC Specific Plan:

- The Nexus Study (City of Los Angeles 2011b), which assessed the existing conditions and local impacts of USC's proposed development plans, extending to employment, infrastructure, facilities and services, affordable housing, open space, and transportation;
- The Environmental Impact Report (EIR), which met analytical requirements for any proposed development as established by the California Environmental Quality Act (CEQA);
- The Specific Plan (City of Los Angeles 2011a) and Development Agreement (City of Los Angeles 2013), which helped guide the implementation of USC's master plan and established specific land use regulations and development requirements to align expansion with community needs; and
- Three Core Campus Projects incorporated into Site Plan Review.

Collectively, these documents (and, in particular, the Specific Plan and Development Agreement) established the framework for a community benefits agreement (CBA) between USC and its geographic neighborhood, as defined and implemented by the City of Los Angeles. USC's housing-focused investments are largely captured by this CBA and summarized in this case study.

BACKGROUND: USC IN THE UNIVERSITY PARK NEIGHBORHOODS

The Nexus Study defined USC's primary neighborhood as the area bounded by Washington Boulevard (north), Main Street (east), Vernon Avenue (south), and Normandie Avenue (west) (see Figure 1; City of Los Angeles 2011b, 14). In the early 2000s, the City's analysis found that USC's adjacent neighborhoods were fundamentally distinct from the City at large. Relative to the City of Los Angeles as a whole, University Park housing trends illustrated: high rental rates (80 percent), higher shares of multi-family structures (2+ units and up; 70 percent), higher vacancy rates than the city (7 percent), older housing stock (30 percent of units were built prior to 1940), and lower median home values ($308,000) and rents ($950) (City of Los Angeles 2011b). These housing trends were coupled with much lower median household incomes than citywide averages (approximately $23,500) and higher rates of overcrowding (70 percent of renter households met the Census definition of overcrowding, meaning 1.5 people per room in 2000).

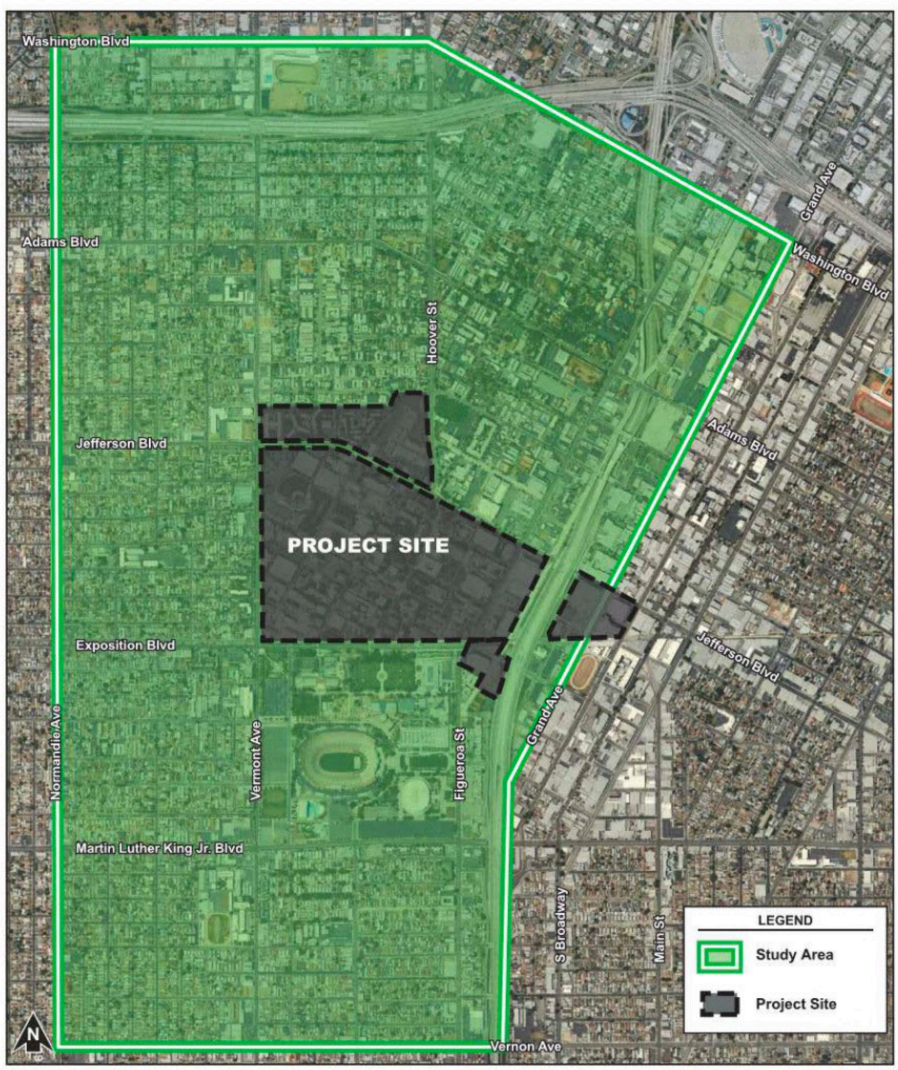

Figure 1. USC Nexus Study Area (City of Los Angeles 2011b, 14)

While the Nexus Study could not quantify the share of affordable housing utilizing the Census-provided definition that a household is not paying more than 30 percent of its income in housing costs, it did offer insights into the neighborhood's supply of housing with affordable protections. The City classified four types of affordable housing protections, including:

- Buildings subject to the **City's Rent Stabilization Ordinance**: Approximately 2,250 buildings within the study area were subject to the Rent Stabilization Ordinance in 2008, representing roughly 11 percent of all residential structures (as compared to 10 percent citywide);
- **Publicly subsidized affordable housing**, federal and other public funds (e.g., LIHTC): Approximately 1,300 units in 24 developments had public funding subsidies in 2008, which were due to expire and potentially convert to market rate housing "at some point in the future";
- **Publicly subsidized affordable housing**, Housing Authority of the City of Los Angeles (HACLA): HACLA held approximately 850 units of publicly subsidized rental housing in 12 developments within the study area zip codes; and
- **Section 8 vouchers**: Per HACLA, the neighborhood's rental housing market included approximately 1,000 units occupied by households with Section 8 vouchers (City of Los Angeles 2011b).

Beyond broad neighborhood housing trends, the City also examined USC-affiliated housing demand, identifying substantial pressures within the neighborhood (City of Los Angeles 2011b). This was due, at least in part, to the spillover from USC students who were not accommodated with on-campus or other USC-owned housing options. As of 2009, USC (inclusive of USC-affiliated entities) offered approximately 8,500 beds to its undergraduate and graduate students, with the majority of beds allocated towards undergraduate populations (see Tables B-9 and B-10, City of Los Angeles 2011b) in dormitories and apartments. Collectively, USC accommodated approximately 50 percent of its undergraduates and 3 percent of its graduate students in university-owned and affiliated beds.

For those students who were not living in university-affiliated housing, the plan estimated that approximately 70 percent of the remaining undergraduate population (i.e. 35 percent of total enrolled undergraduates) and 20 percent of graduate students sought housing within the University Park neighborhoods. This translated into approximately 5,500 undergraduate and 3,000 graduate students living near USC, generating demand for an estimated 4,000 housing units—the equivalent of roughly 33 percent of all housing demand within the Nexus Study Area (see Tables B-14, B-15, and B-16, City of Los Angeles 2011b). Lastly, using payroll records, the study identified only 4 percent of faculty and staff lived within USC-adjacent neighborhoods in the late 2000s with an assumption that most were located in rental housing.

Collectively, these were the neighborhood and housing market conditions that established a baseline for the City and USC to (1) evaluate the potential implications of USC's future campus and student expansion plans and (2) establish a series of guidelines and regulatory framework to align those plans with the City's planning goals and community-centered needs.

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING: THE CITY-USC DEVELOPMENT AGREEMENT

USC's affordable housing investments and strategies are largely centered on a City-USC agreement that seeks to mitigate USC's future impacts on surrounding neighborhoods. While the Nexus Study and EIR evaluated the existing conditions and potential impacts of future university growth, the regulatory and community benefits agreements were encapsulated within (and enforced by) the City's formal adoption of (1) the Specific Plan for USC's University Park Neighborhood (City of Los Angeles 2011a) and (2) a detailed development agreement for the Nexus study area (City of Los Angeles 2013). The Specific Plan takes a more parcel-level view of implementation, largely emphasizing broad land use and site-specific regulations that would impact the neighborhood context (e.g., parking, on and off-site alcohol consumption, and historic review regulations).

The Development Agreement is the primary tool for understanding the City-USC agreement as it relates to housing provision and community benefits (City of Los Angeles 2013). It embodies the enforcement mechanism for a 2012 community benefits agreement (CBA), which grew out of negotiations between USC, the UNIDAD Coalition, and the City of Los Angeles (T.R.U.S.T. South LA and Strategic Action for a Just Economy (SAJE) 2021). The CBA incorporated benefits related to a host of specific community-focused concerns, including housing, job training, and local hiring. The case study examines housing-focused investments below.

TWO APPROACHES TO HOUSING IN UNIVERSITY PARK

APPROACH 1: INCREASING STUDENT HOUSING CAPACITY AT USC

As part of its 2030 master plan, USC proposed increasing its student accommodations by a net 4,200 beds (inclusive of 1,100 demolished and 5,400 new beds), as well as the creation of 250 new residential units for faculty housing (City of Los Angeles 2011b). In total, the Nexus Study estimated this would produce roughly 2,700 new dwelling units within the university-adjacent neighborhood. Combined with projected increase in enrollment and hiring over the 20+ year implementation period, the City's study projected an overall 17 percent USC-affiliated population within the study area by 2030, including students (11 percent undergraduate and 23 percent graduate increase), faculty (10 percent increase), and staff (23 percent increase) (see Table B-20, City of Los Angeles 2011b). Relative to expectations for USC-generated dwelling units, this represented a 1,500 net increase in USC-affiliated households—a cause for concern in an already high-demand rental neighborhood. Despite this anticipated growth, however, the general consensus in the Nexus Study was that the USC Master Plan was a net positive for the neighborhood and remained consistent with the City's overall housing goals, as articulated in the General Plan and locally focused community plan. Ultimately, the study found the proposed master plan would, at least to some degree, mitigate USC-generated housing demand within the neighborhood while still enabling USC expansion. The USC Master Plan was also perceived by many in the community as an opportunity to create a new economic engine in a community that had long been economically stagnant. The key component of this economic engine was the USC Village, an old community mall the university purchased in 1999. Redevelopment of the village became the largest economic development project in the history of South Los Angeles.

Figure 2. USC Village (Vincent 2017)

USC made a substantial step towards meeting its planned expansion of on-campus beds with the opening of its USC Village project in 2017 ("USC Village" n.d.). The $700 million, 15-acre mixed-use project aimed to address neighborhood and university needs (Vincent 2017). From a residential perspective, USC Village incorporates 2,500 undergraduate beds across eight residential colleges. In addition, the development includes an array of community-facing retail uses, from fast-casual dining and coffee shops to a Trader Joe's grocery, Target, banks, and other services. Collectively, the project marks USC's the most significant major project derived from the 2030 master plan and serves as a key demonstration of the Specific Plan and Development Agreement implementation process.

Collectively with the Village, USC added approximately 1.25 million square feet of development, including interdisciplinary research, academic, dance, athletics, housing, amenities, and student serving uses. The campus has increased its square footage—without increasing its footprint—by 27 percent. Future buildings will include the historic renovation and repurposing of a church into a dramatic arts space and another interdisciplinary research building.

APPROACH 2: CONTRIBUTING TO HOUSING EFFORTS IN UNIVERSITY PARK

The expansion of USC-provided beds, whether in on-campus or USC-affiliated housing within the neighborhood, is inherently tied to a second layer of housing-focused investments for the Nexus Study Area. Using the Development Agreement as the implementation mechanism, USC and the City negotiated a series of community-focused benefits that were directly linked to the university's commitment to produce student-focused housing and mitigate neighborhood impacts through its expansion efforts (City of Los Angeles 2013). Adopted in 2013, the Development Agreement includes three major components related to "Housing Preservation and Production," including: (1) the creation of an affordable housing trust fund for the Nexus Study Area; (2) a commitment to produce a minimum quantity of student housing before demolishing any existing beds within a certain Specific Plan area is permitted; and (3) the establishment of a tenant support and advocacy resource within USC for the benefit of the local community. Beyond these benefits, the Development Agreement also stipulates several improvements that go beyond affordable housing issues, such as improvements to infrastructure, parks, neighborhood quality of life (e.g., buyout of liquor licenses), schools, and other amenities.

Perhaps the most significant portion of the Development Agreement is the creation of a USC-funded affordable housing program fund to be paid to the City of Los Angeles for the benefit of housing within the Nexus Study Area (City of Los Angeles 2013). In aggregate, USC committed to paying the City up to $20 million towards affordable housing programs by 2030. USC will provide three lump sum payments, as described below:

- Ahead of the issuance of a building permit for the USC Village project (paid in 2013; project completed in 2017), the university agreed to pay an initial $10 million lump sum payment "for the creation, preservation, or rehabilitation of Affordable Housing within the Nexus Study Area, [which was]... allocated to the LAHD's Affordable Housing Trust Fund (AHTF) or a similar Housing Trust Fund administered by LAHD" (City of Los Angeles 2013; T.R.U.S.T. South LA and Strategic Action for a Just Economy (SAJE) 2021).
- Ten years after the effective date of the Development Agreement (i.e., 2023), USC agreed to convey a second $5 million lump sum payment into the housing trust fund.
- Lastly, USC is required to submit a final $5 million payment in 2033 at the conclusion of the Development Agreement, unless it meets a series of student housing-focused conditions. The City can waive this final payment if USC satisfies two conditions:

- The construction of an additional 4,038 USC-owned and operated beds (net), and
- The ability to house at least 70 percent of its undergraduate population, based on contemporary enrollment, in on-campus or USC-owned housing.

As of this case study, USC has successfully remitted the initial $10 million payment and submitted the second payment in April 2023 on the 10-year anniversary of the Development Agreement's effective date. Looking ahead, the university anticipates it will add additional student housing to its portfolio, but it is too early to determine if USC will meet both student housing-focused conditions.

On a production front, the Development Agreement required USC to commit to a minimum increase of 3,000 net student beds before the City would allow the university to demolish any existing housing in a future phase of the USC Village project (City of Los Angeles 2013). This portion of the negotiated benefits ensured that student housing was consistently a priority throughout USC's planned expansion and the neighborhood was afforded as much protection from adverse housing impacts as possible throughout the process. USC recently conducted a student housing demand study and is assessing timing for building additional housing. The absorption of these beds will help inform USC's timing to deliver additional university-owned beds.

Lastly, the Development Agreement looked beyond the allocation of physical or financial resources to consider capacity-related supports for neighborhood housing concerns (City of Los Angeles 2013). USC agreed to establish a legal clinic at the Gould School of Law with intent of providing "legal assistance to tenants currently living in an Affordable Housing Units or Rent Stabilized Unit within the Nexus Study Area" (City of Los Angeles 2013). Broadly, the clinic would target "any and all issues" between landlords and tenants within the target area, providing representatives to inform, counsel, and represent tenants as needed. The City required USC to launch the clinic within six months of the Development Agreement execution. The clinic was established and remains operating. Over the last year, USC Gould School of Law also directly manages the clinic.

USC HOUSING TRUST FUND AT WORK: SUMMARY OF ROLLAND CURTIS GARDENS AND TRUST SOUTH LA

Tenemos que Reclamar y Unidos Salvar la Tierra - Los Angeles, otherwise known as TRUST South LA have been working with the City on plans to allocate the housing payments USC has provided to the City (T.R.U.S.T. South LA and Strategic Action for a Just Economy (SAJE) 2021). Originally founded in 2005 as the Figueroa Corridor Community Land Trust, TRUST South LA is a community-based nonprofit focused on affordable housing and community development in the neighborhoods south of downtown Los Angeles (T.R.U.S.T. South LA n.d.). Their efforts are primarily focused on the acquisition and preservation of permanently affordable housing via a community land trust (CLT) model, as well as increasing mobility and recreational opportunities within their neighborhoods and building community capacity.

In 2021, TRUST South LA, along with two allied nonprofit community organizations, authored a report to review progress within the USC Nexus Study Area (T.R.U.S.T. South LA and Strategic Action for a Just Economy (SAJE) 2021). Specifically, the report examined the efforts and outcomes towards generating equitable outcomes for low-income households and small businesses within the USC neighborhoods, particularly in the wake of the COVID-19 pandemic. The report highlights some of the acquisition strategies (and pitfalls) TRUST South LA faces in their work to preserve affordable housing in the neighborhood, which includes deploying CBA-generated resources from the affordable housing trust fund.

TRUST South LA is a champion of one of the most notable affordable housing success stories within the Nexus Study Area, Rolland Curtis Gardens. In partnership with Abode Communities, a nonprofit affordable housing developer and provider, TRUST South LA navigated a relatively contentious affordable housing acquisition process and redeveloped the property into 140 permanently affordable rental units with retail (Kim and

Figure 3. Rolland Curtis Gardens (Los Angeles Housing Department)

Eisenlohr 2022). The original 48-unit property had Section 8 affordability restrictions that were due to expire in 2011, at which time the existing property owner intended to convert the units into market rate housing. After a lengthy process that included TRUST South LA and Abode coordinating with the City to document extensive property maintenance issues at the site, the owner agreed to sell the property to TRUST South LA and Abode in 2012. This launched a development process that, eventually, resulted in the redevelopment of the property into 140 new units with permanent affordability protections via TRUST South LA's CLT. New units are affordable to households with 30 to 60 percent of area median income (AMI), with an agreement that at least 25 percent of the units (36 of 140) are reserved for those with incomes as low as 30 percent of AMI.

While TRUST South LA and Abode did not utilize any City resources to acquire the property (approximately $10 million), they did receive $4.9 million from the City's affordable housing trust fund to assist with redevelopment costs (total redevelopment costs were approximately $69 million) (Kim and Eisenlohr 2022). In addition, the process included substantial relocation efforts to assist displaced tenants of the original building. Tenants actively utilized USC's housing law clinic to negotiate a fair relocation process (including higher relocation payments); approximately half of the 48 original tenants also elected to return to the newly redeveloped project when it was completed in 2019.

Critically, TRUST South LA and other community organizations note that their affordable housing efforts are neither easy nor solved. A key takeaway from their 2021 report is that affordable housing production and preservation has remained difficult within the community (T.R.U.S.T. South LA and Strategic Action for a Just Economy (SAJE) 2021). Even with monetary resources available, without sufficient political support and alignment with local government priorities, community groups like TRUST South LA's CLT are unable to move quickly enough within the existing housing market to capitalize on opportunities that would preserve affordable housing. In short, the creation of an affordable housing trust fund, on its own, is not sufficient to ensure the successful implementation of the intended housing benefit.

Figure 4 Rolland Curtis Gardens (Abode Communities)

UNIVERSITY PARK: PROGRESS & NEXT STEPS

While a primary feature of USC's benefit agreement is a monetary contribution to an affordable housing trust fund managed by the City of Los Angeles and for the benefit of neighborhoods within the Nexus Study Area, the university continues to provide public benefits to its neighboring community in a variety of ways. USC's community-focused benefits include street improvements, graffiti abatement, programming in K-12 public schools, bicycle lanes, and important community-serving tenants, including groceries with fresh produce. USC also sponsors and manages regular and ongoing events at the USC Village, including movie nights, and community festivals celebrating Mother's Day, Thanksgiving, Halloween, Dia de los Muertos, and other holidays. In addition, USC manages the USC Community House and the USC Village Community Room both of which are available for community use.

During (and continuing) the COVID-19 pandemic, USC served as a critical support for the community, establishing partnerships with local health care providers to turn a seven-story parking into a community serving vaccination center, distribute approximately 10 million pounds of food to local residents, and develop a COVID-19 Community Fund that provided local non-profits with seed funding to help them develop their own COVID-19 response programs. In addition, USC's Community and Local Government Partnerships (CLGP) team also worked closely with the USC School of Pharmacy and the Los Angeles Fire Department to provide more than 1 million vaccinations to Angelenos through numerous vaccination sites, including Dodger Stadium. And, importantly, in addition to the initial $10 million payment from USC for affordable housing, USC made the second installment payment of $5 million in April 2023.

USC continues to strengthen and expand its ties within its community via ongoing partnerships. USC's University Relations employs over 230 team members dedicated to expanding community partnership opportunities with community members. For example, USC's Community & Local Government Partnerships (CLGP) team, administered through USC University Relations, engages community partners in developing a "shared vision" focused on open communication, trust, and short- and long-term relationship building. CLGP works directly with community members to ensure that USC is on the ground level and engaged in all community issues. CLGP also represents USC on a number of local boards, neighborhood councils, chambers of commerce, and business improvement districts. In conjunction with this day-to-day work, USC University Relations provides many programs to meet community needs. For instance, the USC McMorrow Neighborhood Academic Initiative (USC NAI) provides 7th to 12th grade students with an educational pathway directly into USC and other universities. USC also provides low-income childcare services and other K-12 Upward Bound educational programming through the USC School for Early Childhood Education.

As a result of these types of community-embedded activities, USC receives support from its neighborhoods—for example, more than 1,100 local residents attended City Council hearings to voice their support of the USC Village redevelopment project. USC continues to look forward to working with the City's Affordable Housing Trust to identify the best way to deploy any remaining funds from the initial $10 million payment and the $5 million installment within the Nexus Study area. USC also continues to evolve its outreach to focus on new issues identified by community members, including local hiring and training, community policing and safety, juvenile justice reform, and community sustainability. Finally,CLGP also connects with USC faculty and researchers to include community input into a number of timely research topics including food insecurity/food desert research, urban tree canopy, sustainability, public safety and local hiring and training.

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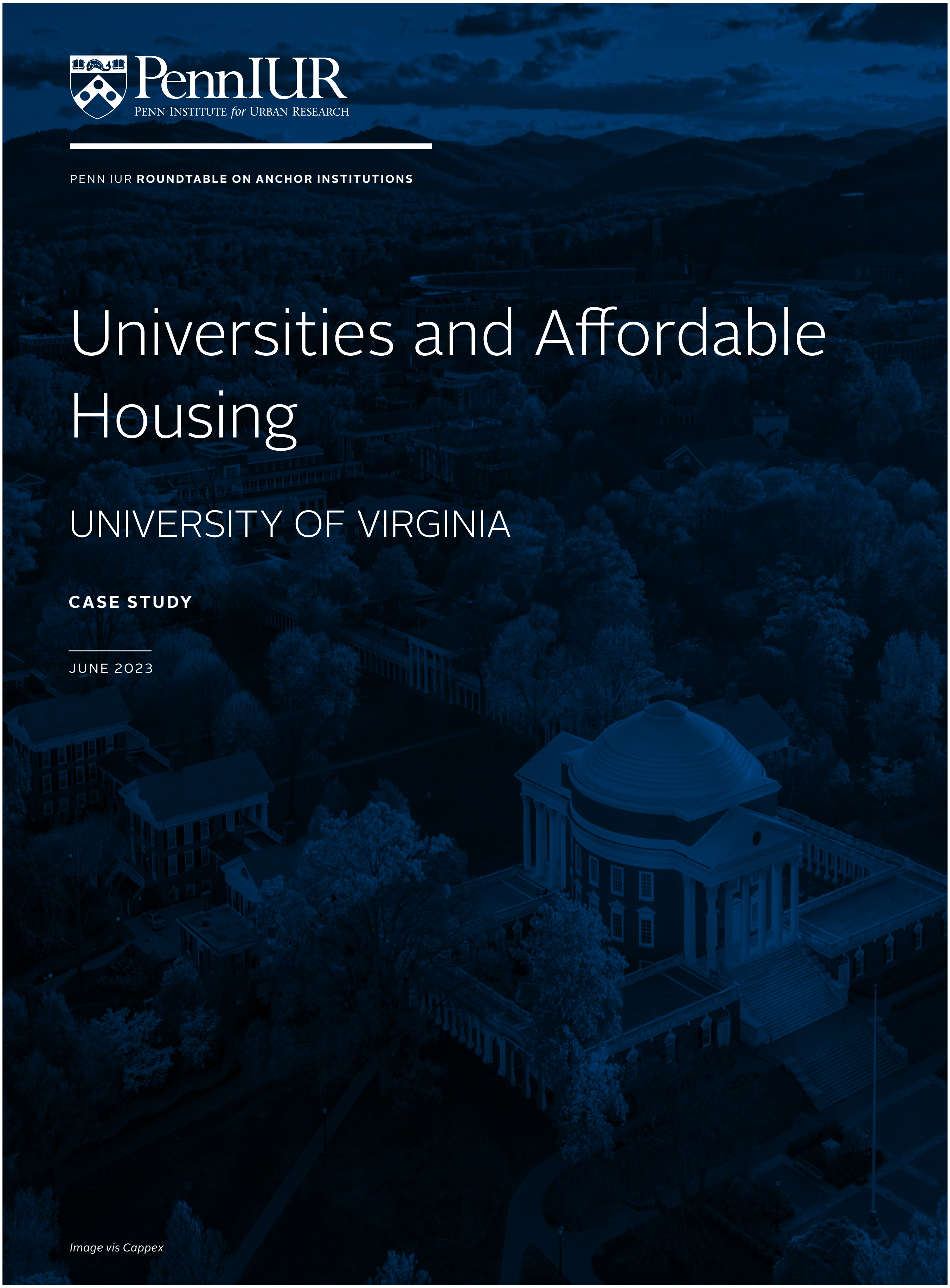

Image vis Cappex

The Model: Leveraging University Land and Staff Resources to Facilitate Affordable Housing Development Partnerships

INTRODUCTION/OVERVIEW

The University of Virginia (UVA) is a prominent public research university with a 200+ year history in Charlottesville and Albemarle County, VA. In conjunction with Monticello, the University's central Lawn and surrounding Academical Village is a UNESCO World Heritage site, originally established to cultivate an environment in which students and faculty live and learn from one another at close range. The heart of UVA's Grounds is within a few miles of Charlottesville's downtown center, physically tethering the university and the community together as neighbors.

UVA is shaped by its historical context, while also navigating growth and change. Today, UVA's enrollment accounts for more than 25,000 students (approximately 17,000 undergraduate and nearly 9,000 graduate students) (University of Virginia n.d.). Its primary campus spans approximately 1,200 acres, contained within three primary precincts: Central, West, and North Grounds (University of Virginia, Office of the Architect for the University 2008). A nationally ranked health care system provides world class patient care within walking distance of Central Grounds. The UVA Foundation (UVAF) functions as a private, tax-paying entity for UVA real estate transactions ("UVA Foundation" n.d.), and has assisted the university in becoming one of the largest landholders in the area.

UVA has a long—and sometimes contentious—relationship with its adjacent historic neighborhoods and community, in part sparked by university expansion and development. Over the years, efforts to enhance town-gown relations resulted in two formalized relationships between UVA and its local governments: 1) the creation of a Three Party Agreement between UVA, the City of Charlottesville, and Albemarle County, which codified a planning and development relationship between the institutions to ensure coordinated development plans ("Three Party Agreement" 2006); and 2) the establishment of a Planning and Coordination Council (PACC), which provided a forum for the three agencies to discuss planning and development issues. The PACC has since evolved into the Land Use and Environmental Planning Committee (LUEPC).

As UVA's, and specifically the Medical Center's, built presence expanded, pressure on surrounding neighborhoods increased, and contributed to the displacement of Black and low-income residents (Cameron, Feldenkris, and Arnold n.d.). Student demand for off-Grounds housing impacts an increasingly expensive rental market. When current President Jim Ryan took office, he quickly and directly acknowledged UVA's role in a complicated history of development and made strengthening the relationship between the university and the community a top priority. His vision is for UVA to be an institution that is both great and good—both outstanding and ethical (University of Virginia 2019). Part of this mandate includes UVA becoming a good neighbor to the Charlottesville-Albemarle community. Under President Ryan's leadership, UVA is embarking on a bold affordable housing initiative in the spirit of service to the community. The goal is to support the development of 1,000 to 1,500 affordable housing units over a decade on land in Charlottesville and/or Albemarle County that is owned by UVA or the UVA Foundation.

This case study examines UVA's emergent efforts to address affordable housing concerns within the Charlottesville and Albemarle communities, led by the ***Great and Good Plan***.

BACKGROUND: UVA'S GREAT & GOOD PLAN WITHIN THE COMMUNITY

The Great and Good Plan represents UVA's strategic plan for the institution within the context of its community. The effort encapsulates four strategic goals, including: (1) strengthening UVA's foundation as an institution; (2) cultivating a vibrant community-culture within UVA through diversity and inclusion, as well as an emphasis on community relationships and partnerships; (3) enabling discoveries to improve lives via research, education, and relationships; and (4) making UVA synonymous with service (University of Virginia 2019). Ten key initiatives support the Great and Good strategic goals, including educational access and support initiatives, staff-focused programs, and initiatives focused on cultivating good neighborhood relationships and community support.

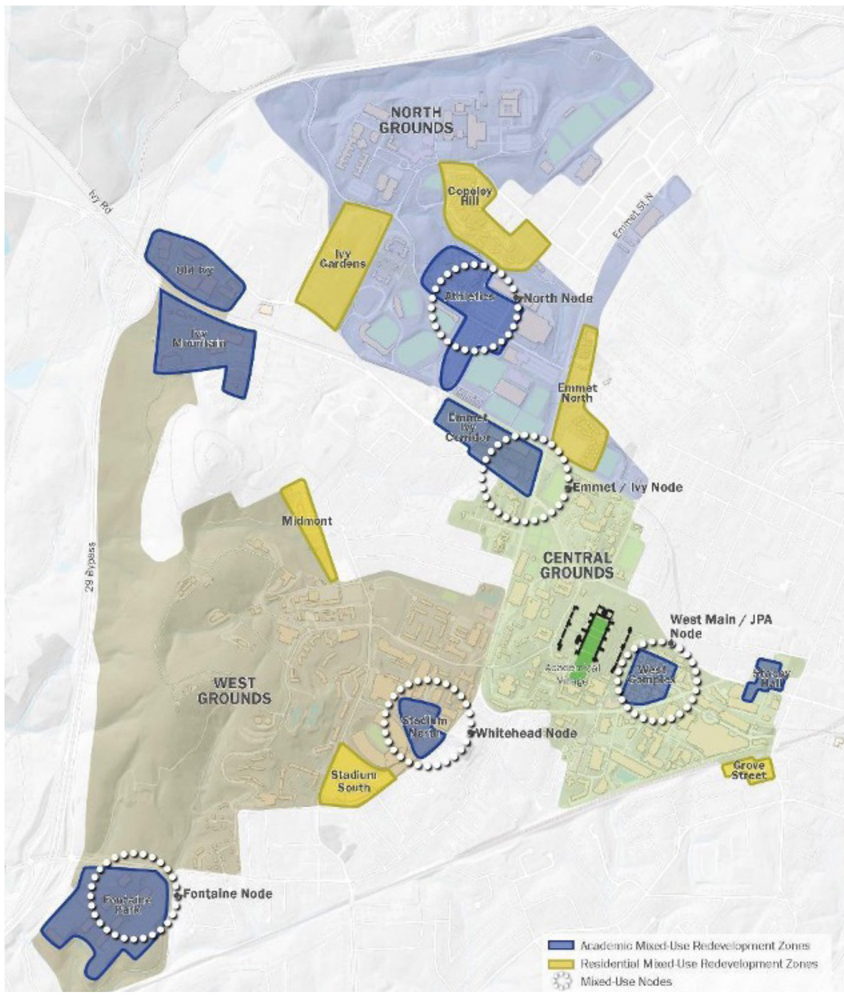

Figure 1. UVA campus with proposed redevelopment zones from The Grounds Plan (University of Virginia, Office of the Architect for the University 2023)

UVA's Great and Good Plan embodies a broad array of strategies that address internally and externally focused goals. Community building and relationships are key components of the underlying strategy, as UVA continues to evolve its contribution as an anchor institution in Charlottesville and Albemarle County. Affordable housing, best captured by UVA's Good Neighborhood Program, is a central part of the Great and Good strategy, underscoring broader conversations happening within the region. Key ongoing conversations include:

- **Regional Housing Partnership:** In 2019, the Central Virginia Regional Housing Partnership of the Thomas Jefferson Planning District Commission released a comprehensive regional housing study and needs assessment for the region (Albemarle County, Central Virginia Regional Housing Partnership, and Virginia Housing and Development Authority 2019). The study emphasized several regional challenges, including:

    - Substantial affordable housing shortfalls relative to the scale of cost-burdened households. For instance, by 2040 the study projects more than 14,000 renter and 6,600 homeowner households will be cost-burdened;
    - A mismatch between Area Median Incomes (AMI) and average rents and home prices;
    - Racial and ethnic disparities in homeownership for urban and rural areas within the region; and
    - Tight market conditions that result in limited housing access.

    The needs assessment highlights the economic consequences of housing market conditions and establishes a baseline for a regional approach to increasing housing supply and addressing affordability issues.

- **Collaboration with Affordable Housing Stakeholders**: There is a rich network of organizations actively interested in, advocating for, or working towards affordable housing in the area. This network includes nonprofit and private sector developers, faith-based community organizations, housing-specific organizations, and resident-focused community organizations. These groups have been at work for a long time, and their input is critical for ensuring that UVA's contribution is an additive part of a regional solution. UVA sought input from dozens of organizations and stakeholders during initial community engagement activities.

- **UVA-Community Working Group and the President's Council on UVA-Community Partnerships**: In 2018, President Ryan asked a UVA-Community working group to identify the most pressing issues that UVA and the community should address together. In 2019, the group issued a report that highlighted jobs and wages, affordable/workforce housing, public/equitable healthcare, and youth education (University-Community Working Group 2019). From there, UVA launched the President's Council on UVA-Community Partnerships to work with President Ryan and the local community on these issues ("President's Council on UVA-Community Partnerships" n.d.). For each of the five core issues, UVA officials and community members established an affiliated working group. The composition of each working group reflects principles of co-creation, embodying the spirit of the partnership.

The affordable housing advisory group has 15 members. Their overall mission is to consider UVA's role in addressing local housing needs in a way that is complementary to, and not duplicative of, the decades of work already in motion among existing housing organizations. From the start, staff have been continually engaging and working with community stakeholders and experts to ensure the initiative will best serve the community.

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING: UVA'S LAND-LED APPROACH TO AFFORDABLE HOUSING DEVELOPMENT PARTNERSHIPS

In March 2020, President Ryan announced UVA's goal to support the development of 1,000 to 1,500 affordable housing units on UVA- or UVA Foundation-owned property over the next decade. This housing is intended to serve community needs broadly, not to be limited to students or those with a university affiliation. UVA is providing the land for these projects at virtually no cost through a ground lease to whichever developers are selected. Formally launched in 2021, the early stages of UVA's affordable housing strategy are unfolding and offer a road map for ongoing approaches and anticipated outcomes. Broadly, UVA is pursuing a two-fold strategy that strives to address housing affordability through production.

APPROACH 1: PRIORITIZING ON-GROUNDS HOUSING CAPACITY AT UVA

Today, student demand for off-Grounds housing impacts the local rental market. Internally, the university intends to increase on-campus housing capacity for students with the goal of mitigating housing demand within nearby neighborhoods. At present, UVA requires its first-year undergraduates to live on campus ("Housing Options" n.d.). Across the institution, approximately 40 percent of all undergraduate students live on campus, leaving a large share of students to seek private-market housing within the community. Looking forward, it is a priority of the administration to house all first- and second-year students on Grounds without displacing upper-class students who also want to remain on Grounds. There is a broad group of stakeholders currently studying the economic and site implications of adding a substantial number of new beds to house second-year students on Grounds. The goal is to provide a more meaningful residential experience for the students than one year provides, with an added benefit of hopefully lessening the pressure on housing in the surrounding community.

APPROACH 2: PURSUING AFFORDABLE HOUSING PRODUCTION IN CHARLOTTESVILLE & ALBEMARLE COUNTY

Beyond student housing, UVA has actively joined the conversations surrounding affordable housing needs within its community and region with the goal of substantially contributing to solutions. UVA's motivations for pursuing affordable housing include contributing to regional shortfalls as an anchor institution, while also recognizing its shared interest in generating sufficient housing to support the attraction and retention of a local workforce.

As a stakeholder in the Regional Housing Partnership, UVA's housing strategies have expanded to consider how it may leverage university resources to address housing demand and increase access to affordable options (Albemarle County, Central Virginia Regional Housing Partnership, and Virginia Housing and Development Authority 2019). Locally, the regional housing need assessment identified a shortfall of approximately 3,600 units within the Charlottesville area. In response to this community issue, UVA set a goal to create 1,000 to 1,500 units of affordable housing on UVA land over the next decade. These units will be constructed by third-party development partners through long-term ground leases with UVAF.

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING: UVA'S LAND-LED APPROACH TO AFFORDABLE HOUSING DEVELOPMENT PARTNERSHIPS

UVA's affordable housing strategy will leverage University- or University of Virginia Foundation-owned land, which UVA will contribute at virtually no cost. Its approach stands out in a benchmarking analysis, which UVA conducted to examine affordable housing strategies led by other universities across the country. UVA's assessment found that several universities are using long-term land leases of institutional assets to facilitate development, often targeting housing that is affordable to households earning 60 percent to 80 percent of AMI. However, it found that scale was a key differentiator among anchor initiatives with most institutions producing fewer than 300 units; meanwhile UVA is aiming to produce four to five times that amount.

UVA's housing strategy relies on several partners and represents a multi-year process. The foundation of the approach rests on an ongoing community engagement process, which began with a summer 2021 listening tour to establish community priorities for affordable housing ("Affordable Housing" n.d.).

This initial community outreach effort generated and validated five core development principles for UVA's strategy, which broadly include ("Affordable Housing" n.d.):

- Affordability, including goals to address a broad spectrum of affordable housing formats and price points, provide housing opportunities for a variety of households with an emphasis on marginalized groups, and sustain affordable investments over the long-term;

- Economic opportunities, including opportunities to target resources towards underrepresented businesses and contractors, as well as generate employment opportunities for underserved and underemployed residents;
- Development program, including establishing opportunities for community-supporting services and amenities (e.g., childcare, educational services, retail), as well as linkages to sustainable development practices and amenities (e.g., public transit);
- Equity and inclusion, including endorsement of broad community engagement in development planning processes, consideration of equitable development programming, and inclusion of community-shaped histories as part of site development; and
- Trust-building through transparency and collaboration, including ongoing commitments to community engagement and collaboration throughout the process—from pre-planning through development design, as well as established plans for transparent communication.

UVA'S AFFORDABLE HOUSING STRATEGY: PROCESS

Following the initial community engagement process, the university began a site selection process. It assessed existing landholdings for UVA and UVAF across the region, which included approximately 6,500 acres of land within Charlottesville and throughout Albemarle County. Community engagement via a public comment wall and surveys provided key direction during the site selection process, identifying priorities and vetting options ("Affordable Housing Community Input" n.d.). Based upon this feedback, UVA determined that potential affordable housing development sites should be evaluated based upon the following: proximity to work centers; walkability; access to transit; access to commercial centers; proximity to K-12 schools; parking options; and anticipated utility infrastructure costs (e.g., access to existing urban infrastructure versus need for new infrastructure investment).

The community-informed site assessment process helped UVA and UVAF evaluate its existing landholdings and identify three initial sites for affordable housing development in December 2021. The sites included (see Figure 2): (1) an 11 acre site on the south side of UVA's main campus, near its medical research park (Piedmont); (2) an approximately two acre site, situated in a historic district on the eastern edge of the UVA campus near Charlottesville's West Main Street (Wertland & 10th Street); and (3) an approximately 120 acre site, situated 10 miles north of UVA's main campus in a UVA research park and proximate to the Charlottesville-Albemarle Airport, that would include a multi-use development plan that incorporates affordable housing (North Fork)

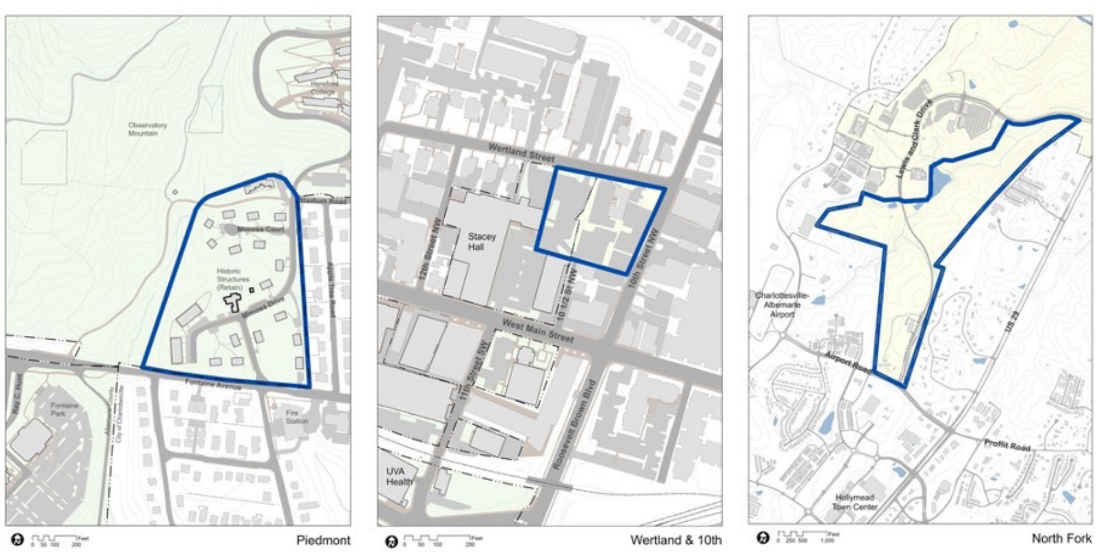

Figure 2. UVAF Affordable Housing Development Sites ("Affordable Housing Community Input" n.d.

Subsequently, UVAF issued requests for proposals for two of the three sites in January 2023 (the North Fork site is currently undergoing a rezoning process and an RFP will be issued upon completion of that effort). For the Piedmont and Wertland/10th Street sites, UVA and UVAF will select developer partners through a Request for Qualifications (RFQ) and Request for Proposals (RFP) process. The selection will be based on: the project team's experience with affordable housing and development in the Charlottesville region, as well as partnerships with Virginia-based housing agencies and university partners; the proposed financial strategy for the project, including experience with creative funding packages that extend beyond Low-Income Housing Tax Credits (LIHTC); and the proposed project's alignment with the initiative's development principles and ability to produce a substantial number of units.

UVA, UVAF, AND AFFORDABLE HOUSING IMPLEMENTATION: PROGRESS & NEXT STEPS

As UVA looks towards the next phase of its affordable housing strategy, including development partner selection and the development of additional sites, it is also establishing a framework for ensuring the successful creation of affordable housing over a long-time horizon. At the center of its approach, UVA's development strategy will rely on a long-term ground lease to ensure its goals are satisfactorily met. The intent is for UVA/UVAF to provide the land, while the development team is responsible for all facets of the development process (e.g., design and entitlements through construction and ongoing operations into the future)—including ongoing, transparent community engagement.

UVA/UVAF	Community	Developer	UVAF
• Preliminary community engagement • Contribute land • Select developer through RFQ/RFP process	• Advise on sites • Co-create development principles • Partner with developer for ongoing engagement	• Design • Entitlements • Ongoing community engagement • Construction • Ongoing operations • Reporting	• Ground lease (long-term) to developer • Deed • Terms & conditions

Figure 3. Roles and responsibilities for affordable housing projects

The five community-generated development principles will serve as a guide to the selected developer, who will be expected to adhere to the principles during the planning, construction, and operation of new communities. The partnership terms and the agreements will hold the developer accountable for creating quality developments that will be affordable and well maintained.

UVA plans to select the development partners for the first two sites in summer 2023, launching the first phase of affordable housing development under the initiative. Subsequently, the North Fork site will follow a similar process. The Piedmont and Wertland & 10th St sites are only the first step towards achieving the University's affordable housing goal to support the development of 1,000 to 1,500 units over 10 years. Development of the initial two sites will be a multi-phase process to maximize federal tax credit subsidies. The process will prioritize thoughtful community engagement over speed to occupancy. There are significant unknowns that will impact the development timeline, including securing financing and entitlements, and understanding construction costs. All of these factors will impact the affordability levels of the units.

Higher education has not traditionally been involved in the development of affordable housing. UVA is building a comprehensive team that understands all aspects, including real estate, financial strategies, legal, risk assessment, construction, economic opportunity, current and future affordable housing efforts and organizations, community engagement, etc. It is a complicated endeavor that warrants careful consideration and clarification of motives, resources, and outcomes.

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