



## Habitat Company's Mark Segal Talks Mixed-Income Development

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The Habitat Company is a diverse organization that manages luxury rental communities, condominiums, affordable, public and student housing. The Habitat Company has \$2 billion of assets under management and nearly 20,000 units across six states. The Habitat Company has also developed more than 17,000 residential units over the course of roughly 40 years. Up until last June The Habitat Company was receiver for the Chicago Housing Authority. *MHN* Editor-in-Chief Diana Mosher recently talked to Mark Segal, President and CEO, about the transformative effects of public housing in Chicago, the role of social media in multifamily marketing and more.



**MHN: The Habitat Company has had a long run as receiver for the Chicago Housing Authority. Describe some of the highlights of your tenure and share some of your many accomplishments.**

**Segal:** During the 23-year period that we served as receiver, we worked in partnership with many institutions across the City of Chicago from Mayor Daley to the housing authority team themselves to a number of local philanthropies such as the John D. and Catherine T. MacArthur Foundation. We also partnered with developers and different urban planning groups that helped by providing a vision of what we could achieve. This has been truly a strategic partnership to which everyone has contributed. This isn't The Habitat Company's achievement—it is the achievement of the City of Chicago broadly defined. Our role as receiver has changed because the successes that have been experienced—and the leadership that the CHA itself has demonstrated— have eliminated the need for us to continue to have that technical receivership role. However, we're continuing in a three-year wind-down of our formal involvement during which we are transitioning our responsibilities back to the Chicago Housing Authority. They have the overall control of the process now, with the end of the receivership; and rightfully so—they have done an outstanding job in developing their own capabilities and creating the change that needed to happen. The leadership team there has been doing a great job.

**What were things like in Chicago public housing when you started?**

**Segal:** In 1987, when The Habitat Company and our Chairman, Daniel Levin, were appointed receiver for the CHA, we were tasked with overseeing the development of all new family public housing in the City of Chicago. This Scattered Sites Program led to the development of more than

2,000 residential units scattered throughout 43 of Chicago's 50 wards. The program was part of the Gautreaux Litigation dating back to the 1960s that called for the deconcentration of racially and economically isolated people in the city's public housing.

In 1999, as a result of a number of changes in federal law, as well as market conditions, Mayor Daley announced what's now known as The Plan for Transformation, which created the opportunity to focus on the existing aged public housing units. These were densely concentrated high-rises whose physical condition had deteriorated. There weren't resources to restore them. But we saw that the objectives of creating deconcentration in public housing, and the availability of Hope VI grants, afforded an opportunity to demolish existing, dilapidated public housing and construct new mixed-income communities. Our general formula uses one-third market rate residents, one-third affordable housing residents—which can break down to be a kind of tax credit-level resident—and one-third public housing residents. The impact of this has been truly transformative for the entire City of Chicago, not just the sites where they're located.

Actually, you may have seen that the last high-rise in the CHA's family portfolio recently came down. Those legacy public housing communities with inadequate living conditions have now ceased to exist. In their place you're seeing the development of new mixed-income communities. By my estimation, this is the largest urban redevelopment program in the country.

**MHN: It must be very rewarding to be involved in this type of transformative work.**

**Segal:** It's exciting for multiple reasons. On the human level, people are living in better housing and are afforded more opportunities for their futures. The CHA and its partners are providing training, education and job placement for residents. They recently announced having placed 5,000 people in jobs over the course of the Plan. The physical communities themselves—as well as the people living there—are extraordinary. When you drive around, you would not be able to know that these are communities that have replaced the legacy/stereotypical public housing. You would say, "Wow, this is a very nice community. How can I live here?"

This work also has tremendous economic impact. Property values go up, tax revenues go up, jobs are created and you see the expansion of commercial activity. You counter the negative effects of those pockets of isolation across the city where people didn't go and business didn't invest. Now there are reasons for Chicagoans to go to these neighborhoods and for businesses to invest there. It's been an extraordinary effort. This is something that's also happening in other parts of the country, and I think it's going to continue to grow.

**MHN: Will you and your team be taking on other affordable and public projects?**

**Segal:** Because of our extensive work with the Chicago Housing Authority, our team has developed what I would call a "best of market" capacity for this type of work. As a result, we've been growing our community development group's business by providing comparable services to the Detroit Housing Commission. We're supervising the redevelopment of four public housing developments there, and we're doing the same work for the Gary Housing Authority where we're overseeing the redevelopment of three communities. This is urban planning—it's development work and it's understanding how to position communities to improve the lives of people. This is an area where we clearly have expertise, and we see an opportunity for us to continue to grow those lines of business.

The Habitat Company is the largest manager of public housing for the Chicago Housing Authority and for the Atlanta Housing Authority. We also do construction management work for the Atlanta Housing Authority. We are now going through a transformative renovation of the public housing communities that we manage for the Atlanta Housing Authority using American Reinvestment and Recovery Act funds. The common areas are going to be absolutely spectacular. We're going to take

some of these legacy communities and transform them into what [looks like] a traditional market-rate community.

**MHN: We're heard that you're also a big proponent of social media marketing. Tell us about your program.**

**Segal:** We're focused on providing 24/7 service and responsiveness to our customers and creating an integrated ecosystem that provides a connection with both our prospects and our existing residents. For example, [habitat@home®](#) is an online environment and marketing tool for prospects to see our communities and ultimately apply to lease there. Our existing residents can use [habitat@home®](#) to pay their rent online and place service requests. It's automatically integrated into our property management system. We're doing these things with the understanding that our residents, as well as our prospects, lead very busy lives. Time management is a challenge for all of us, so The Habitat Company is focused on being there for people when they want us to be there—not when we think we should be there.

After launching [habitat@home®](#) we expanding our program to include different media channels like Facebook, Twitter, Craigslist and Eblasts. These marketing tools are geared to serving two sets of people: one is our internal existing residents and we are working to build a sense of community among them. If our residents have a strong social connection and feel comfortable, they'll be more likely to renew their leases with us. We're also looking outward to attract new residents into our communities by giving people the opportunity to see what we have to offer—as well as facilitate their responsiveness. The Facebook page is something we use to manage our internal communications, although external folks have the opportunity to see that as well. But it's really through Twitter, Craigslist and Eblast that we're focusing on the external element and trying to draw people in. We have 11 market-rate communities currently active in the social media program launched in July of 2010. We've also designated one team member at each community to be a brand ambassador. It's their responsibility to focus on the key touchstones for our communities and ensure consistent messaging.

**MHN: How is the program working out so far?**

**Segal:** Social media has been very successful for us; in fact, it has increased our traffic significantly. We take these other sources and use them to drive people back to the websites of our Habitat communities. We've been able to achieve a 30 percent conversion rate to leases—and traffic, generally, is just up. The good news is we're getting more exposure to prospects. But, what's even more meaningful to us is that we have a very high conversion rate for this effort. This is material for our own communities as well as for those we manage on a fee basis for our clients. To give you a sense of how this electronic environment is advancing, we've seen dramatic increases in people wanting to communicate with us through e-mail. So just the number of residents providing us with e-mail addresses has grown about 40 percent since we launched this effort last July. We had a pretty solid base already, but it has created a much greater connection point for us with residents and prospects.

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